

# PROCEEDINGS OF THE COUNTY BOARD

State of Minnesota  
County of Kanabec  
Office of the County Coordinator

February 26, 2003

The Kanabec County Board of Commissioners met at 6:30pm on Wednesday, February 19, 2003 pursuant to adjournment with the following Board Members present: Kathi Ellis, Stan Cooper, Jerry Nelson, Les Nielsen, and Dennis McNally.

It was moved by Stan Cooper, seconded by Kathi Ellis, and carried unanimously to approve the agenda and optional agenda as amended.

It was moved by Jerry Nelson, seconded by Les Nielsen, and carried unanimously to approve the February 19, 2003 minutes of the Kanabec County Board of Commissioners as presented.

It was moved by Kathi Ellis, seconded by Jerry Nelson, and carried unanimously at 6:34 pm to recess the briefly and reconvene in Meeting Rooms 3/4 in the courthouse basement.

The Chairperson reconvened the meeting at 6:36pm in Meeting Rooms 3/4 in the courthouse basement and opened the County State Aid Highway 17 project discussion: the reconstruction of CSAH 17 from Portage Avenue to CSAH 11. Thirty people were in attendance in the audience.

County Engineer Greg Nikodym described the road history and design of the current project. Nikodym responded to questions from the audience.

It was moved by Kathi Ellis, seconded by Les Nielsen, and carried unanimously at 7:30 pm to recess the briefly and reconvene in the boardroom in the courthouse.

The Chairperson reconvened the meeting at 7:33pm in the boardroom of the courthouse.

**7:34pm** - Carolyn Drude of Ehlers and Associates met with the County Board to discuss matters concerning a \$4,200,000 Gross Revenue Health Facility Bond. It was reported that three sealed proposals for the purchase of the Series 2003 Bonds were received prior to 10:00 o'clock a.m. pursuant to the Official Statement distributed to potential purchasers of the Series 2003B Bonds by Ehlers & Associates, Inc., financial advisors to the County. The proposals have been publicly opened, read and tabulated and were found to be as follows:

Bidder	True Interest Rate
U.S. Bankcorp	5.0682%
Dougherty & Co., Miller, et.al	5.2086%

Northland Securities, Cronin & Bernardi	5.2496%
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Les Nielsen introduced the following resolution and its adoption:

***Resolution 1 - 02/26/03***

WHEREAS, Kanabec County, Minnesota (the AIssuer@), owns and operates a municipal hospital commonly known as the Kanabec County Hospital and hereinafter referred to as the AHospital@; and

WHEREAS, the Issuer has heretofore issued its \$3,315,000 Gross Revenue Hospital Bonds, Series 1995A dated, as originally issued, as of February 1, 1995 (the ASeries 1995A Bonds@) to finance improvements to the Hospital; and

WHEREAS, the Issuer has determined to finance construction of a hospital and clinic addition to the Hospital consisting of a family practice clinic, new emergency room space, a medical laboratory and 35,000 square feet of unfinished space to accommodate future growth (collectively, the AProject@); and

WHEREAS, to finance a portion of the costs associated with the Project, it is necessary and expedient for the County to issue its Gross Revenue Health Facilities Bonds, Series 2003B (the ASeries 2003B Bonds@), in the aggregate principal amount of \$4,200,000, as hereinafter provided; and

WHEREAS, the County has conducted a public hearing on February 26, 2003 following publication of notice pursuant to the requirements of Section 147(f) of the federal Internal Revenue Code of 1986, as amended (the ACode@); and

WHEREAS, the Board reasonably expects that the gross revenues from the Health Facilities (as hereinafter defined) will be sufficient to pay the debt service on the Series 1995A Bonds, the Series 2003B Bonds and any Additional Bonds issued pursuant to Article III hereof as the same becomes due; and

WHEREAS, the Bonds (as hereinafter defined) and the interest accruing thereon are payable solely from the gross revenues of the Health Facilities, all in accordance with the Act (as hereinafter defined), and do not give rise to a charge against the general credit or taxing powers of the Issuer and neither the full faith and credit nor the taxing powers of the Issuer are pledged for the payment of the Bonds or interest thereon; and

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Kanabec County, Minnesota, as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Resolution, including the foregoing recitals, the following words and terms as used in this Resolution shall have the following meanings unless the context or use indicates another or different meaning or intent: A

Act@ means Minnesota Statutes, Sections 447.45 through 447.50, as from time to time amended.

AAdditional Bonds@ means Bonds issued by the Issuer pursuant to Article III hereof subsequent to the issuance of the Series 2003B Bonds.

ABond Counsel@ means an attorney or law firm selected by the Issuer, having a favorable reputation for its opinions relating to municipal tax-exempt financing matters.

ABondholder@ or AHolder@, with reference to any Bond, means the owner of such Bond, determined in accordance with the Resolution.

ABonds@ means the Series 1995A Bonds and the Series 2003B Bonds.

ACode@ means the Internal Revenue Code of 1986.

AConsultant@ means a person engaged in the business of consulting, whether or not such Person=s principal business, selected by the Issuer, having the skill and experience necessary to render the particular report or service required and having a favorable and nationally or regionally recognized reputation for such skill and experience.

ACounsel@ means an attorney duly admitted to practice law before the highest court of any state and, unless otherwise expressly provided herein, may include legal counsel for the Issuer.

AEscrow Obligations@ means, with respect to any obligation which secures all or a portion of a series of Bonds, the obligations permitted by law to be used to defease such series of Bonds or portion thereof.

AExpenses@ means, for any period, the aggregate of all expenses of the Health Facilities calculated under generally accepted accounting principles for such period, exclusive of (i) interest on Long-Term Indebtedness, (ii) depreciation and amortization and (iii) extraordinary expenses (including without limitation losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt).

AFinancial Advisor@ means a certified public accountant or firm of certified public accountants, or municipal financial advisor or firm of municipal financial advisors, selected by the Issuer.

AFiscal Year@ means the period January 1 through December 31, or such other consecutive 12-month period as is selected by the Issuer as the fiscal year for the Health Facilities.

AGross Revenues@ means, for any period, the sum of (a) gross patient service revenues less contractual allowances and provisions for uncollectible accounts, free care and discounted care, plus (b) other operating revenues, plus (c) non-operating revenues available for the payment of operation and maintenance expenses and debt service on Long-Term Indebtedness, all as determined in accordance with generally accepted accounting principles.

AHealth Facilities@ means collectively, the Hospital, the Project and including any future additions thereto, modifications and replacements thereof.

AHospital@ means the existing municipal hospital owned and operated by the Issuer, as improved by the Project and including any future additions thereto, modifications and replacements thereof and further including any off-site satellite facilities or properties operated in conjunction therewith, but not including any nursing facility, assisted living facility or any related medical facility as defined in the Act.

AIncome Available for Debt Service@ means, for any period, the excess of Gross Revenues over Expenses of the Health Facilities.

AInsurance Consultant@ means a Person qualified to survey risks and to recommend insurance coverage for hospital facilities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom the Issuer normally transacts business.

ALong-Term Indebtedness@ means indebtedness having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance.

ANet Proceeds@ means, when used with respect to any insurance or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses incurred in the collection of such gross proceeds.

Outstanding@ means, when used with respect to the Bonds, all Bonds which have been duly issued, authenticated and delivered by the Issuer under this Resolution, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or before maturity;
- (b) Bonds for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with an escrow agent authorized by law (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be prepaid or redeemed, notice of such prepayment or redemption shall have been given or irrevocable arrangements shall have been made therefor;
- (c) Bonds in lieu of which others have been authenticated hereunder; and
- (d) Bonds held by the Issuer.

Person@ means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

Principal and Interest Requirements@ means, for any Fiscal Year, the amount required to pay the principal of and interest on all Outstanding Bonds coming due during such Fiscal Year, to be determined on the assumption that each Outstanding Bond which is a serial bond is to be paid on its stated maturity date and each Outstanding Bond which is a term bond is to be paid on a sinking fund payment date according to the mandatory redemption requirements established at the time of issuance of such term bonds.

Series 1995A Bonds@ means the Gross Revenue Hospital Bonds, Series 1995A, originally dated as of February 1, 1995, and issued by the Issuer pursuant to a Resolution adopted on February 26, 1995.

Series 2003B Bonds@ means the Gross Revenue Health Facilities Bonds, Series 2003B, originally dated as of March 1, 2003 and issued by the Issuer pursuant to this Resolution.

## ARTICLE II

### AUTHORIZATION, SALE AND TERMS OF SERIES 2003B BONDS

Section 2.1 Sale. This Board, by resolution adopted January 7, 2003 authorized the issuance and sale of the Series 2003B Bonds to provide funds, along with a cash contribution of Hospital funds of \$1,315,000, a \$160,000 grant and proceeds of the \$3,785,000 General Obligation Medical Facilities Bonds, Series 2001, dated as originally issued as of May 1, 2001, to finance the Project. The County has retained Ehlers & Associates, Inc., an independent financial advisor, to assist the County in connection with the sale of the Series 2003B Bonds. Pursuant to the Terms of Proposal for the sale of the Series 2003B Bonds, three (3) proposals for the purchase of the Series 2003B Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened and publicly read and considered, and the purchase price, interest rates and true interest cost under the terms of each proposal have been determined. The most favorable of such proposals is that of U.S. Bancorp Piper Jaffray and associates (the Purchaser), of Minneapolis, Minnesota to purchase the Series 2003B Bonds at a price of \$4,122,007.45 plus accrued interest on the Series 2003B Bonds to the day of delivery, on the further terms and conditions hereinafter set forth. The sale of the Series 2003B Bonds is hereby awarded to the Purchaser, and the Chair and County Coordinator are hereby authorized and directed on behalf of the Issuer to execute a contract for the sale of the Series 2003B Bonds in accordance with the Terms of Proposal.

Section 2.2 Title; Original Issue Date; Denominations; Maturities and Interest

The Series 2003B Bonds shall be dated March 1, 2003, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Series 2003B Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity. The Series 2003B Bonds



shall mature on February 1 in the years and amounts as follows, and shall bear interest until maturity or earlier redemption at the rates per annum set forth opposite such years and amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2004	\$70,000	4.00%	2014	\$105,000	4.40%
2005	75,000	4.00%	2015	110,000	4.50%
2006	75,000	4.00%	2016	115,000	4.60%
2007	75,000	4.00%	2017	120,000	4.70%
2008	80,000	4.00%	2018	420,000	4.80%
2009	80,000	4.00%	2019	445,000	4.90%
2010	85,000	4.00%	2020	475,000	5.00%
2011	85,000	4.00%	2023	1,590,000	5.10%
2012	95,000	4.20%			
2013	100,000	4.30%			

All dates are inclusive. Interest shall be payable semiannually on February 1 and August 1 in each year, commencing February 1, 2004. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 2.3 Redemption

(a) *Optional.* Series 2003B Bonds maturing in 2014 and subsequent years shall be subject to redemption, at the option of the Issuer, in whole or in part, and if in part by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000 on August 1, 2013, and any date thereafter, at a price equal to the principal amount thereof plus interest accrued to the date of redemption. Series 2003B Bonds redeemed under this provision shall be credited against the mandatory redemption schedule set forth in paragraph (b) of this section in the years and amounts specified by the County. If the County does not so specify, optional redemption will be credited to the mandatory redemption schedule in inverse order of payment dates.

Series 2003B Bonds are also subject to redemption, at the option of the Issuer, in whole or in part, on any date, at a price equal to the principal amount thereof plus interest accrued to the date of redemption from Net Proceeds of insurance or condemnation awards available for such purpose pursuant to Section 5.4 hereof.

(b) *Mandatory.* Series 2003B Bonds maturing on February 1, 2023 (the Term Bonds) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.3 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

Term Bond Maturing in 2023

<u>Year</u>	<u>Principal Amount</u>
2021	\$500,000
2022	530,000

The remaining \$560,000 stated principal amount of such Bonds shall be paid at maturity on February 1, 2023.

Notice of redemption shall be given as provided in Section 2.4.

Section 2.4 Procedure for Redemption

The County shall cause notice of a call for redemption thereof to be published as required by law, and at least thirty days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.9 hereof, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

Section 2.5 Securities Depository

(a) For purposes of this section the following terms shall have the following meanings:

ABeneficial Owner@ shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person=s subrogee.

ACede & Co.@ shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

ADTC@ shall mean The Depository Trust Company of New York, New York.

AParticipant@ shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

ARepresentation Letter@ shall mean the Representation Letter pursuant to which the County agrees to comply with DTC=s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC=s Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the County=s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity

evidencing the obligation of the County to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the County may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Chair or County Coordinator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

Section 2.6 Form of Bond The Series 2003B Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
KANABEC COUNTY  
GROSS REVENUE HEALTH FACILITIES BOND, SERIES 2003B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date Of Original Issue</u>	<u>Cusip</u>
		March 1, 2003	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KANABEC COUNTY, MINNESOTA (the AIssuer@), hereby acknowledges that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an AInterest Payment Date@) commencing February 1, 2004, at the rate per annum specified above, (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of U.S. Bank National Association, in St. Paul, Minnesota (the ABond Registrar@), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the AHolder@ or ABondHolder@) on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon as of the fifteenth day of the calendar month (whether or not a business day) next preceding such Interest Payment Date (the ARegular Record Date@). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person

who is the Holder hereof at the close of business on a date (the ASpecial Record Date) fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to BondHolders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

Bonds maturing in 2014 and subsequent years are subject to redemption and prepayment in whole or in part, at the option of the Issuer, and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000 on August 1, 2013 and on any date thereafter at a price of the principal amount thereof plus accrued interest to the date of redemption.

The Bonds are also subject to redemption and prepayment, at the option of the Issuer, in whole or in part, on any date, at a price equal to the principal amount thereof plus interest accrued to the date of redemption from Net Proceeds of insurance or condemnation awards available for such purpose pursuant to the provisions of the Resolution (as hereinafter defined).

Bonds maturing in the year 2023 shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

a. Term Bonds Maturing in 2023

<u>Sinking Fund Payment Date</u>	<u>Aggregate Principal Amount</u>
2/01/2021	\$500,000
2/01/2022	\$530,000

At least thirty days prior to the date set for redemption of any Bond, notice of the call for redemption will be mailed, by first-class mail, to the Bond Registrar and to the registered owner of each Bond to be redeemed at his address appearing in the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected thereby. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount.

This Bond is one of an issue in the total principal amount of \$4,200,000, all of like date of original issue except as to number, maturity, interest rate, denomination and redemption privilege, which Bond has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the Board of the Issuer on February 26, 2003 (the AResolution), for the purpose of providing money to finance a portion of the cost of improvements to the Health Facilities (the AProject). The Bonds are payable from the Gross Revenue Bond Account of the Hospital Fund of the Issuer, to which has been pledged, as a first and prior lien thereon, the Gross Revenues of the Health Facilities (as defined in the Resolution). No Holder of this Bond shall ever have the right to compel any exercise of the full faith and credit and taxing power of the Issuer to pay this Bond or the interest hereon, or to enforce payment thereof against any property of the Issuer other than the Gross Revenues so pledged.

Additional Bonds may be issued and made payable on a parity with the Bonds from the Gross Revenue Bond Account upon the terms and conditions provided in the Resolution. Except as so provided, no additional bonds or other long-term indebtedness may be issued or incurred unless said bonds or other indebtedness are made payable from the net revenues of the Health Facilities remaining after the requirements of the Gross Revenue Bond Account, Reserve Account and Operating Account, as set forth in the Resolution, have been satisfied.

The Bonds have been designated as Aqualified tax exempt obligations@ pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

The Holders of twenty-five percent (25%) or more in aggregate principal amount of Bonds at any time outstanding may, either by law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of Bonds then outstanding, or enforce and compel the performance of any and all of the covenants and duties specified in the Resolution to be performed by the Issuer or its officers and agents.

The Bonds are issuable solely as fully registered bonds in the denominations of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered Bonds of other authorized denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the offices of the Issuer.

This Bond is transferable by the Holder in person or by the owner=s attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to Abearer@ or similar designation), of an authorized denomination or denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

The Issuer and the Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Bond Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the County.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and this, together with all other debts of the Issuer outstanding on the date of original issue hereof and on the date of its issuance and delivery to the original purchaser does not exceed any constitutional or statutory limitation of indebtedness; and that the Issuer will maintain such operating policies relating to the Health Facilities (as defined in the Resolution) so as to produce Gross Revenues (as defined in the Resolution) at least sufficient to meet the annual principal and interest requirements of all Bonds payable from such Gross Revenues and, after payment of such principal and interest, sufficient to maintain the required balance in the Reserve Account securing said Bonds and to pay the normal expenses of operation and maintenance of the Health Facilities; and that the Issuer will provide in its budget each year for any anticipated deficiency in the remaining Gross Revenues available for operation and maintenance of the Health Facilities.

IN WITNESS WHEREOF, Kanabec County, Minnesota, has caused this Series 2003B Bond to be executed in its behalf by the facsimile signatures of its Chair and its County Coordinator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration: \_\_\_\_\_

KANABEC COUNTY, MINNESOTA

(Facsimile - County Coordinator)

(Facsimile - Chairperson)

CERTIFICATE OF AUTHENTICATION This is one of the Bonds delivered pursuant to the Resolution mentioned within.

U.S. Bank National Association, as Registrar By

[Insert Legal Opinion]

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The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM C as tenants  
in common

UTMA. . . . as Custodian for. . . .  
(Cust) (Minor)  
under Uniform Transfers to Minors Act. . YY. .  
(State)

TEN ENT C as tenants by entirieties

JT TEN C as joint tenants with right of  
survivorship and not as tenants in common  
Additional abbreviations may also be used.

ASSIGNMENT

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

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the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within 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 as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

PLEASE INSERT SOCIAL SECURITY  
NUMBER OR OTHER IDENTIFYING  
NUMBER OF ASSIGNEE:

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Signature Guaranteed:

-----  
Signature(s) must be guaranteed by an  
eligible guarantor institution meeting  
the requirements of the Bond Registrar,  
which requirements include membership  
or participation in STAMP or such other  
signature guaranty program as may be  
determined by the Bond Registrar in  
addition to or in substitution for STAMP,  
all in accordance with the Securities  
Exchange Act of 1934, as amended.

[End of Form of Bond]

Section 2.7 Execution, Authentication and Delivery The Series 2003B Bonds shall be prepared under the direction of the County Coordinator and shall be executed on behalf of the County by the signatures of the Chair and the County Coordinator; provided that said signatures may be printed, engraved, or lithographed facsimiles thereof. The seal of the County need not be used in the execution of the Series 2003B Bonds. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Series 2003B Bonds shall cease to be such officer before the delivery of any Series 2003B Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Series 2003B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on such Series 2003B Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2003B Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2003B Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Series 2003B Bonds have been so executed and authenticated, they shall be delivered by the County Coordinator to DTC on behalf of the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

Section 2.8 Appointment of Initial Registrar The County hereby appoints U.S. Bank National Association, of St. Paul, Minnesota, as the initial Registrar. The Chair and the County Coordinator are authorized to execute and deliver, on behalf of the County, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The County agrees to pay the reasonable and customary charges of the Registrar for the services performed. The County reserves the right to remove any Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession as Registrar to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Board, the County Coordinator shall transmit to the Registrar, from the Bond Fund described in Section 4.1, moneys sufficient for the payment of all principal and interest then due.

Section 2.9 Registration; Transfer; Exchange The Issuer will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Series 2003B Bonds and the registration of transfers of Series 2003B Bonds entitled to be registered or transferred as herein provided. Upon surrender for transfer of any Series 2003B Bond at the principal office of the Bond Registrar, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration and deliver, in the name of the designated transferee or transferees, one or more new Series 2003B Bonds of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Series 2003B Bond may be registered in blank or in the name of Abearer or similar designation.

At the option of the Holder, Series 2003B Bonds may be exchanged for Series 2003B Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender

of the Series 2003B Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Series 2003B Bonds are so surrendered for exchange, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Series 2003B Bonds which the Holder making the exchange is entitled to receive.

All Series 2003B Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the Issuer. All Series 2003B Bonds delivered in exchange for or upon transfer of Series 2003B Bonds shall be valid special obligations of the Issuer evidencing the same debt, and entitled to the same benefits under this resolution, as the Series 2003B Bonds surrendered for such exchange or transfer. Every Series 2003B Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Series 2003B Bond. Transfers shall also be subject to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates.

Section 2.10 Rights Upon Transfer or Exchange Each Series 2003B Bond delivered upon transfer of or in exchange for or in lieu of any other Series 2003B Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2003B Bond.

Section 2.11 Interest Payment, Record Date Interest on any Series 2003B Bond shall be paid on each interest payment date by check or draft mailed to the person in whose name the Bond is registered (the AHolder@) on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon as of the fifteenth (15th) day of the calendar month (whether or not a business day) next preceding such interest payment date (the ARegular Record Date@). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the ASpecial Record Date@) fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior to the Special Record Date.

Section 2.12 Treatment of Registered Owner The Issuer and the Bond Registrar may treat the person in whose name any Series 2003B Bond is registered as the owner of such Series 2003B Bond for the purpose of receiving payment of principal of and premium, if any, and interest on, such Series 2003B Bond and for all other purposes whatsoever whether or not such Series 2003B Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

### ARTICLE III

#### ADDITIONAL BONDS

Section 3.1 Additional Bonds So long as any Bonds are Outstanding, the Issuer will not issue any Additional Bonds payable on a parity with the Bonds then Outstanding from the Gross Revenue Bond Account except in accordance with the following conditions:

(A) Additional Bonds may be issued if there is filed with the Issuer:

(1) A certificate of a Financial Advisor stating that the Income Available for Debt Service for each of the two most recent Fiscal Years preceding the date of delivery of the certificate was not less than 125% of the maximum Principal and Interest Requirements (including the requirements for the Additional Bonds proposed to be issued) for any future Fiscal Year during the term of all Bonds then Outstanding; or

(2) (a) A certificate of a Financial Advisor stating that the Income Available for Debt Service for each of the two Fiscal Years next preceding the date of delivery of the certificate was not

less than 125% of the maximum Principal and Interest Requirements (excluding the Additional Bonds proposed to be issued) for any future Fiscal Year during the term of all Bonds then Outstanding; and (b) a certificate of a Financial Advisor to the effect that the estimated Income Available for Debt Service for each of the next two succeeding Fiscal Years or, if such Additional Bonds are being issued in connection with the financing of improvements to the Health Facilities, the two Fiscal Years succeeding the projected completion date of such improvements, is not less than 125% of the maximum Principal and Interest Requirements (including the Additional Bonds proposed to be issued) for any future Fiscal Year during the term of all Bonds then Outstanding; provided that such certificate shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for each of such two Fiscal Years (which may be in summary form) and a statement of the relevant assumptions upon which such forecasted statements are based.

(B) Additional Bonds may be issued for the purpose of refunding (whether in advance or otherwise, including without limitation refunding through the issuance of crossover refunding bonds) any series of Outstanding Bonds, or portion thereof, if prior to the issuance thereof a certificate of a Financial Advisor is delivered to the Issuer stating that, taking into account the issuance of the proposed Additional Bonds and the application of the proceeds thereof and any other funds available to be applied to such refunding, the Principal and Interest Requirements during the remaining term of all Bonds then Outstanding and not redeemed or defeased in connection with the refunding will not be increased by more than 10%.

Additional Bonds may be issued under any of the above-referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to the issuance of Additional Bonds for a specific purpose.

In determining the Principal and Interest Requirements on Bonds in the course of the various calculations required under the foregoing provisions, and any other provisions of this Resolution, if the terms of the Bonds being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index such that the interest payments on such Bonds at any future date cannot be accurately calculated, the Principal and Interest Requirements shall be calculated as if the average interest rate in effect during the last Fiscal Year preceding the date of calculation was in effect throughout the entire term of the Bonds, or if said Bonds were issued in the same Fiscal Year as the calculation, the first rate in effect for said Bonds shall be used in calculating the interest payments on said Bonds as if said interest rate was in effect throughout the term of the Bonds. Bonds may be converted from one interest rate mode to another payment mode pursuant to the terms of the documents authorizing the issuance of said Bonds, provided that the Bonds were issued in compliance with this Section 3.1 based upon the payment mode in effect on the date of such issuance.

Section 3.2 Subordinate Lien Bonds Except as provided in Section 3.1 with respect to Additional Bonds, any other Long-Term Indebtedness issued or incurred by the Issuer and made payable from the revenues of the Health Facilities shall be payable from the Surplus Account in the Hospital Fund established pursuant to Section 4.1(f), and from Gross Revenues transferred thereto after the requirements of Sections 4.1(b) through 4.1(e) are met. Any pledge of Gross Revenues to the payment of such Long-Term Indebtedness shall be subordinate to the pledge and appropriation of such Gross Revenues for the purposes of Sections 4.1(b) through 4.1(e).

## ARTICLE IV

### CREATION OF FUNDS; FLOW OF FUNDS

Section 4.1 Hospital Fund; Gross Revenue Bonds The Issuer shall maintain or cause to be maintained on the official books and records of the Issuer, so long as any Bonds are Outstanding, a Hospital Fund, and the accounts described in paragraphs (a) through (f) hereof, showing all receipts and disbursements of moneys herein pledged and appropriated to the Hospital Fund, and all other financial matters pertaining to the Health Facilities. From and after the issuance of the Bonds, all Gross Revenues of the Health Facilities shall be set aside and are hereby pledged and appropriated to, shall be deposited and credited to the various accounts of the Hospital Fund, and expended as provided in this Section 4.1. All Gross Revenues pledged and appropriated to the Hospital Fund shall be credited as received to the Hospital Fund, and shall be held and invested therein, transferred to other accounts of the Hospital Fund, and disbursed and expended as provided in this Section.

(a) Capital Expenditure Account. There shall be a Capital Expenditure Account which shall be used to record the receipt and disbursement of proceeds of the Series 2003B Bonds and any other moneys appropriated for the payment of expenditures which, under generally accepted accounting principles, constitute capital costs necessarily incurred for the acquisition and betterment of the Health Facilities, including but not limited to the cost of land, easements, improvements to land, buildings, structures and capital equipment, and the cost of all architectural, engineering, legal and other professional services, costs of issuing any Bonds and interest to accrue on Bonds issued to finance such acquisition and betterment prior to the receipt of the revenues therefrom, and other costs reasonably necessary and incidental thereto. Upon the issuance of the Series 2003B Bonds there shall be credited to the Capital Expenditure Account \$3,833,142.15 of the proceeds of the Series 2003B Bonds to be expended to pay the costs of the Project and unused bond discount, if any. The Issuer represents that the total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of proceeds of the Series 2003B Bonds to be deposited in the Capital Expenditure Account. The Issuer covenants that it shall do all things and perform all acts required of it to assure that work on the Project shall proceed with due diligence to completion. Upon payment of all costs of the Project any proceeds of the Series 2003B Bonds remaining in the Capital Expenditure Account shall be transferred to the Gross Revenue Bond Account.

(b) Gross Revenue Bond Account. To the Gross Revenue Bond Account there is hereby appropriated the accrued interest received on the delivery of the Series 2003B Bonds. To the Gross Revenue Bond Account there is irrevocably pledged and appropriated and shall be credited on or before the 20th day of each month, an amount of the Gross Revenues equal to one-sixth of the amount of interest to become due in the next six months, and one-twelfth of the amount of principal to become due in the next twelve months, on all then Outstanding Bonds payable therefrom; provided that such transfers may be reduced by the amount of any investment income actually received in the Gross Revenue Bond Account, by the amount of any accrued interest deposited therein and by the amount of any excess proceeds of Bonds transferred to the Gross Revenue Bond Account from the Capital Expenditure Account to the extent not previously credited against such transfers. This requirement is cumulative, and if the full amount required cannot be transferred in any month, the deficiency shall be made up from the next Gross Revenues received in the Gross Revenue Account. The Gross Revenue Bond Account shall be used only to pay the principal of and interest on the Bonds issued and made payable therefrom. The balance on hand in the Gross Revenue Bond Account on each interest payment date will be used first pro rata to pay the interest then due on all Bonds payable therefrom, and second to pay the principal of the matured Bonds in order of their maturity dates, pro rata with respect to Bonds maturing on the same date.

(c) Reserve Account. The Issuer hereby appropriates to the Reserve Account from proceeds of the Series 2003B Bonds the sum of \$588,560.00 which amount is equal to the lesser of (i) maximum annual debt service on the Bonds, (ii) 125% of the average annual debt service on the Bonds or (iii) ten percent of the proceeds of the Bonds (the AReserve Requirement). The Reserve Account shall be maintained at the Reserve Requirement by the retention of interest earnings therein and/or the transfer thereto of Gross

Revenues in excess of the requirements of the Gross Revenue Bond Account whenever and to the extent necessary, or if such Gross Revenues are not sufficient for this purpose, then such transfer will be made from the balance then on hand in the Depreciation and Replacement Account or Surplus Account. Except as provided below, when and if the balance in the Reserve Account is more than the Reserve Requirement, the excess shall be transferred to the Gross Revenue Bond Account. Moneys on hand in the Reserve Account shall be used only to pay interest or principal actually due on Bonds when, if and to the extent that such interest or principal cannot be paid in full from the Gross Revenue Bond Account; provided that the amount of the Reserve Account allocable to any issue of Bonds may be used at any time to discharge such issue of Bonds in accordance with Section 6.1, so long as the balance remaining on hand in the Reserve Account following such use is not less than the Reserve Requirement with respect to Outstanding Bonds which continue to be payable from the Gross Revenue Bond Account. The balance in the Reserve Account shall be deemed to be the sum of all cash plus the outstanding principal amount of all securities held in the Reserve Account.

In the event Additional Bonds are issued pursuant to the provisions of Section 3.1 hereof, the Reserve Requirement shall be adjusted to equal the lesser of (i) the maximum annual debt service payable in any future Fiscal Year with respect to the Bonds payable from the Gross Revenue Bond Account, (ii) 125% of the average annual debt service for future Fiscal Years with respect to the Bonds payable from the Gross Revenue Bond Account or (iii) ten percent of the proceeds of the Bonds issued and made payable from the Gross Revenue Bond Account.

(d) Operating Account. To the Operating Account there shall be credited each month, an amount of the Gross Revenues remaining in the Hospital Fund, after the transfers required by Sections (b) and (c) have been made, as are needed to pay, promptly when due, all Expenses of the Health Facilities and to maintain an operating reserve therein of not less than two months of normal Expenses. To the Operating Account there shall also be credited, to the extent necessary, any additional funds, other than Gross Revenues, which are appropriated by the Board for payment of such Expenses. The Issuer covenants and agrees that upon the occurrence of a deficiency in the Operating Account which cannot be restored forthwith from the Depreciation and Replacement Account, the Surplus Account or other available Issuer funds appropriated by the Board for this purpose, it will include in its next annual budget an amount sufficient to restore such deficiency, shall levy ad valorem taxes on all taxable property within the Issuer to the extent necessary and permitted by law to raise such funds and shall appropriate such amount to the Operating Account.

(e) Depreciation and Replacement Account. To the Depreciation and Replacement Account there shall be transferred such amount of the Gross Revenues remaining in the Hospital Fund after the transfers required by paragraphs (b) through (d) hereof have been made, as will establish a balance therein in an amount determined by the Board to be needed to finance repairs, replacements, improvements and additions to the Health Facilities. Moneys on hand in the Depreciation and Replacement Account may be expended for these purposes; provided that all moneys on hand therein shall always be available and used first to restore any deficiency in the accounts established in paragraphs (b) through (d) hereof.

(f) Surplus Account. To the Surplus Account there may be transferred such amount of the Gross Revenues on hand in the Hospital Fund as are not needed to meet the requirements of the Gross Revenue Bond Account, the Reserve Account, the Operating Account and the Depreciation and Replacement Account. Moneys on hand in the Surplus Account shall always be available and used first to restore any deficiency in the Accounts established in paragraphs (b) through (e) hereof. Moneys on hand in the Surplus Account which are not needed for this purpose may be expended for any other lawful purpose specified by resolution of the Board or the Hospital Board of the Issuer.

Section 4.2 Investments All funds on hand in the Hospital Fund shall be deposited or invested in accordance with Minnesota Statutes, Section 475.66; provided that each investment held in the Reserve Account shall have a maturity date, or be redeemable at the option of the holder, within five years of the date of its purchase and all

investments acquired for the Reserve Account shall be acquired with a de minimis amount of discount or premium (as defined in Section 1.148-1(b) of the Income Tax Regulations (the ARegulations@)). All securities so purchased shall mature at or before the time when it is estimated that the proceeds thereof will be needed for the purposes of the Account from which funds are withdrawn for the purchase. Except as otherwise specified herein, all income, gain and loss on such investments will be credited or charged, as the case may be, to the Account from which the investment was made.

## ARTICLE V

### CERTAIN COVENANTS RELATING TO OPERATION OF THE HEALTH FACILITIES

Section 5.1 Operating Covenants; Sale or Conveyance; Leases and Operating Agreements So long as the Bonds are Outstanding, the Issuer agrees that:

- (1) It will not sell or convey all or substantially all of the Health Facilities to any Person.
- (2) It will not lease all or any portion of the Health Facilities to any Person, or enter into any management or operating agreement or contract with any Person with respect to all or any portion of the Health Facilities unless it first obtains an opinion of bond counsel that the proposed lease, agreement or contract will not cause the interest on the Bonds to become includible in gross income for federal income tax purposes. Any lease of all or substantially all of the Health Facilities shall also comply with the provisions of the Act, including the requirement that the lessee pay net rentals sufficient to pay when due the principal of and interest on all Outstanding Bonds and maintain the Reserve Account at the Reserve Requirement.
- (3) It will cause the Health Facilities and each part thereof to be maintained, preserved and kept in good repair, working order and condition and in as safe condition as its operations will permit and make all necessary and proper repairs (interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen), renewals and replacements thereof so that its operations and business shall at all times be conducted in an efficient, proper and advantageous manner. No building or buildings constituting a part of the Health Facilities shall be demolished or removed nor shall any material alteration to the Health Facilities be made which would substantially impair the structural strength or operating efficiency of the Hospital or significantly impair the revenue-producing capability of the Health Facilities or adversely affect the ability of the Issuer to comply with the terms of this Resolution.
- (4) It will at all time uses its best efforts to maintain and operate the Health Facilities to meet the standards and requirements and provide health care of such quality and in such manner as shall enable the Health Facilities to participate in, and provide services in connection with, recognized medical insurance and other third-party payor programs, and the Issuer represents that it presently complies therewith and agrees that, so long as the Health Facilities shall remain a qualifying medical facility under such recognized programs, it will use its best efforts to comply with the standards and requirements for remaining a qualifying medical facility thereunder, unless the Issuer shall determine that, in the opinion of the Board, it is not in the best interests of the Issuer and the Hospital so to comply.
- (5) It will own the Health Facilities and operate, or cause the Health Facilities to be operated, as a public hospital open to all members of the general public on a substantially equal basis. It will conform to all applicable federal and state laws prohibiting discrimination based on race, religion, creed, color, age, sex, handicap or national origin in the operation of the Health Facilities. It will not use the Health Facilities or any part thereof for sectarian instruction nor will it use the Health Facilities primarily as a place of religious worship, nor will it use any of the proceeds of the Bonds to provide facilities or equipment for any religious instruction or worship activities.
- (6) It not transfer or convey to any other Person any assets of the Health Facilities without consideration or for consideration less than fair market value unless such transfer or conveyance is required by law. The Issuer may remove items of equipment and other property from the Health Facilities and dispose

of such items and property, but shall install replacement items of equipment and property to the extent required to maintain the operating efficiency of the Health Facilities.

Section 5.2 Rates and Charges The Issuer covenants and agrees to operate the Health Facilities on a revenue producing basis and to charge such fees and rates for its facilities and services and to exercise such skill and diligence as to provide Gross Revenues from the Health Facilities sufficient with other available funds to pay promptly all payments of principal and interest on the Bonds, all expenses of operation, maintenance and repair of the Health Facilities and all other payments required to be made by it hereunder to the extent permitted by law. The Issuer further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section (and to assure, in any event, that the Income Available for Debt Service for each Fiscal Year is never less than 125% of the Principal and Interest Requirements during such Fiscal Year).

If in any Fiscal Year the Income Available for Debt Service is less than 125% of the Principal and Interest Requirements, the Issuer shall (except as provided in the next paragraph) retain a Consultant to make recommendations with respect to the rates, fees and charges of the Health Facilities and the Issuer's methods of operation and other factors affecting its financial condition in order to increase such Income Available for Debt Service to at least 125% of the Principal and Interest Requirements; provided that the Issuer shall not be required to follow the recommendations of any such Consultant if it determines that it is in the best interests of the Health Facilities and Issuer not to do so.

The foregoing provisions notwithstanding, if in any Fiscal Year the Income Available for Debt Service is less than 125% of the Principal and Interest Requirements, the Issuer shall not be obligated to retain a Consultant to make recommendations if:

(A) the failure to attain 125% coverage is for one Fiscal Year, not for two or more successive Fiscal Years, and the Issuer attained at least 110% coverage for said Fiscal Year, or

(B) the Board determines by resolution that applicable laws or regulations have prevented the Issuer from generating Income Available for Debt Service during such Fiscal Year in an amount sufficient to equal or exceed 125% of Principal and Interest Requirements and the Issuer has generated the maximum amount of Revenues reasonably practicable given such laws or regulations.

Section 5.3 Insurance (A) The Issuer shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for, at least the following insurance with respect to the Health Facilities and operations:

(1) insurance coverage for buildings and contents including steam boilers, fired-pressure vessels and other machinery for fire, lightning, windstorm and hail, explosion, riot, riot attending a strike, civil commotion, aircraft and vehicles, sonic shock, smoke, vandalism and malicious mischief, sprinkler leakage, elevator, and all other risks of direct physical loss, on a replacement cost basis in an amount equal to the full insurable value thereof, but in any event not less than an amount sufficient to prevent the Issuer from becoming a co-insurer under any applicable co-insurance clause;

(2) general liability (other than as set forth in (3) below);

(3) if applicable, comprehensive professional liability insurance, including medical liability, malpractice and other similar coverage;

(4) comprehensive automobile liability insurance;

(5) workers' compensation insurance or self-insurance as required by the laws of the State of Minnesota or other applicable law; and

(6) business interruption insurance in such amounts as may be determined to be prudent by the Issuer and Hospital Board.

(B) Each insurance policy required by subsection (A) hereof (1) shall be issued or written by a financially responsible insurer or insurers, or by an insurance fund established by the United States or State of Minnesota or an agency or instrumentality thereof; (2) shall be in such form and with such provisions as are generally considered standard provisions for the type of insurance involved, and (3) shall prohibit cancellation or substantial modification by the insurer without at least thirty days= prior written notice to the Issuer. In lieu of separate policies, the Issuer may maintain blanket policies having the coverage required herein.

(C) The Issuer covenants to review each year the insurance carried by the Issuer with respect to the Health Facilities and operations and, to the extent feasible, will carry insurance insuring against the risks and hazards specified in subsection (A) hereof to the same extent that other governmental entities owning or operating facilities of the size and type comparable to the Health Facilities carry such insurance. In the event that the insurance required by subsection (A) hereof is not available to the Issuer at reasonable cost, and, in any case, every three (3) years from and after March 1, 2003 the Issuer shall employ or cause to be employed an Insurance Consultant for the purpose of reviewing the insurance coverage of, and the insurance required for, the Health Facilities and its operations and making recommendations respecting the types, amounts and provisions of insurance that should be carried with respect to the Health Facilities and its operations. A signed copy of the report of the Insurance Consultant shall be filed with the Issuer and the insurance requirements specified hereunder shall be deemed modified or superseded as necessary to conform with the recommendations contained in said report.

(D) The Issuer may, by resolution of the Board, elect to substitute a self-insurance program for any of the insurance required to be maintained pursuant to subsection (A) hereof. The Issuer shall comply with all Medicare regulations governing any self-insurance, and shall at all times maintain such self-insurance program in such a manner as to be eligible for reimbursement under Medicare or any successor program or programs, regardless of whether the Issuer is a provider of care thereunder. If the Issuer establishes a self-insurance program pursuant to this subsection (D), the Issuer shall, annually, employ or cause to be employed a Consultant for the purpose of reviewing such program and making recommendations with respect thereto in the same manner as is provided in subsection (C) hereof with respect to the insurance coverage maintained by the Issuer. The provisions of subsection (C) with respect to the effect of the recommendations of such Insurance Consultant shall apply equally to the report of the Consultant with respect to any self-insurance program.

Section 5.4 Damage or Destruction or Condemnation; Use of Proceeds The Net Proceeds received by the Issuer as a result of any damage, destruction or condemnation of the Health Facilities shall be used as follows:

(A) Repair and Restoration. Unless the Issuer elects to redeem or defease all Outstanding Bonds, the Issuer shall proceed, to the extent necessary to insure the efficient operation of the Health Facilities at a level sufficient to produce Gross Revenues enabling the Issuer to meet its obligations under this Resolution, to use such Net Proceeds to replace, repair, reconstruct, restore or improve the Health Facilities or repay indebtedness incurred for any such purpose pending the receipt of such Net Proceeds.

(B) Redemption of Bonds. To the extent Net Proceeds remain after the repair, reconstruction, restoration and improvement undertaken pursuant to subsection (A) above, or if no such repair, reconstruction, restoration and improvement is required by subsection (A) because of the minor nature of the damage, destruction or condemnation, the Issuer may elect to use the Net Proceeds to optionally redeem Series 2003B Bonds in accordance with Section 2.4 hereof, or to optionally redeem other Bonds payable from the Gross Revenue Bond Account to the extent permitted by the terms thereof.

Section 5.5 Books and Records The Issuer will cause proper and adequate books of record and account to be maintained with respect to the Health Facilities, reflecting all receipts and disbursements and all accrued

claims and expenses in connection with the operation and maintenance of the Health Facilities, and the payment of obligations incurred therefor, and will make such records available for inspection at all reasonable times by the Holder of any Bonds or the Holder's agent or attorney, and will cause them to be audited with respect to each Fiscal Year by a certified public accountant, and will furnish the report of each such audit without cost to the initial purchaser of each series of Bonds issued under the provisions hereof, and will make the report available, upon request, to the Holder of any Bonds.

## ARTICLE VI

### DEFEASANCE, REMEDIES, TAX COVENANTS, CONTINUING DISCLOSURE

Section 6.1 Defeasance When all Bonds, or any series thereof, made payable from the Gross Revenue Bond Account have been discharged as provided in this Section 6.1, all pledges, covenants and other rights granted by this resolution to the Holders of such Bonds shall cease. The Issuer may discharge all Bonds which are due on any date by depositing with the paying agent or agents for such Bonds on or before that date a sum sufficient for the payment thereof in full; or if any Bond shall not be paid when due, it may nevertheless be discharged by depositing with the paying agent a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The Issuer may also discharge any prepayable Bonds which are called for redemption on any date in accordance with their terms, by depositing with the paying agent or agents on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon, provided that notice of such redemption has been duly given as provided in the resolution authorizing such Bonds. The Issuer may also at any time discharge any series of Bonds in its entirety, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by Minnesota Statutes, Section 475.67, subd. 8, to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on all Bonds of the series on and before their maturity, or, if some or all Bonds of the series are to be called for redemption, to their earlier redemption date.

Section 6.2 Bondholder Remedies The Holders of twenty-five percent (25%) or more in aggregate principal amount of all Outstanding Bonds may, either at law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of all Outstanding Bonds or enforce or compel the performance of any and all of the covenants and duties specified in this Resolution, to be performed by the Issuer or their officers and agents, including the fixing and maintaining of rates and charges and the collection and proper segregation of revenues and the application and use thereof; provided, however, that nothing herein shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner provided in the Bonds.

Section 6.3 General Tax Covenant The County covenants and agrees with the registered owners from time to time of the Series 2003B Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest payable on the Series 2003B Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the Code) and regulations issued thereunder, in effect at the time of such action, and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Series 2003B Bonds.

Section 6.4 Specific Tax Covenants In order to ensure that the interest on the Series 2003B Bonds shall at all times be not includable in gross income for purposes of federal income taxation, the County specifically represents, warrants and covenants with the Registrar and all Holders from time to time of the Series 2003B Bonds:

- (a) that it will fulfill all conditions specified in Section 103 and 141 through 150 of the Code and applicable Treasury Regulations as necessary to maintain the tax-exempt status of the interest borne by the Series 2003B Bonds;

(b) that all of the Project is and will be owned and operated by a governmental unit or organizations described in Section 501(c)(3) of the Code;

(c) that less than five percent (5%) of the net proceeds of the Series 2003B Bonds will be used to provide property used either (i) by an organization described in Section 501(c)(3) of the Code in an activity which constitutes an unrelated trade or business, or (ii) in a trade or business by a Person other than an organization described in Section 501(c)(3) of the Code or a governmental unit (within the meaning of Section 141 of the Code);

(d) that not more than two percent (2%) of the Series 2003B Bonds will be applied to the payment of Issuance costs@ within the meaning of Section 147(g) of the Code, and that all costs of issuance in excess of that amount will be paid by the County from funds other than proceeds of the Series 2003B Bonds;

(e) that the County has not leased, sold assigned, granted or conveyed and will not lease, sell, assign, grant or convey all or any portion of the Project or any interest therein to the United States of any agency or instrumentality hereof thereof within the meaning of Section 149(b) of the Code;

(f) that there are no outstanding obligations of a political subdivision the proceeds of which have been or will be used by the County or any affiliate with respect to the facilities financed by the Series 2003B Bonds;

(g) that as of the date hereof, the County and the Allina Health Systems are the only Aprincipal users@ of the Project and that the County will not permit any Person to become a Aprincipal user@ of those facilities if such transaction would cause the interest on the Series 2003B Bonds to become includable in gross income for federal income tax purposes;

(h) that the average maturity of the Series 2003B Bonds does not exceed 120% of the average reasonably expected economic life of the Project as determined in accordance with Section 147(b) of the Code;

(i) that no obligations have been or will be issued under the Code that are sold at substantially the same time as the Series 2003B Bonds pursuant to the same plan of marketing that are reasonably expected to be paid in whole or in part by the County or have with the Series 2003B Bonds any common or pooled security for the payment of debt service thereon, without regard to guaranties from unrelated parties;

(j) that it will provide all information required to satisfy the informational requirements set forth in Section 149(e) of the Code, including the information necessary to complete IRS Form 8038;

(k) that it will not use the proceeds of the Series 2003B Bonds in such a manner as to cause the Series 2003B Bonds to be Aarbitrage bonds@ within the meaning of Section 148 of the Code and applicable Treasury Regulations; that it will pay any amount necessary to be paid the United States as Aarbitrage rebate@; the provisions of this subparagraph (k) shall survive the retirement and payment of the Series 2003B Bonds and the discharge of the other obligations of the County hereunder;

(l) that all capital expenditures to be financed with proceeds of the Series 2003B Bonds were or will be paid or incurred after August 5, 1997, and therefore the limitation contained in Section 145(b) of the Code is inapplicable to the Bond;

(m) that it will comply with and fulfill all other requirements and conditions of the Code and Treasury Regulations and rulings issued pursuant thereto relating to the acquisition, construction and operation of the facilities financed or refinanced by the Series 2003B Bonds to the end that interest on the Series 2003B Bonds shall at all times not be includable in gross income for purposes of federal income taxation; and

(n) that the County will deliver to the Purchaser, at or before the bond closing date, a County Tax Certificate stating the County's expectations as to the application of proceeds of the Series 2003B Bonds and as to such other matters as are required by Bond Counsel.

Section 6.5 Arbitrage Certification The Chairperson and County Coordinator being the officers of the County charged with the responsibility for issuing the Series 2003B Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the applicable provisions of the Code and Treasury Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2003B Bonds, it is reasonably expected that the proceeds of the Series 2003B Bonds will not be used in a manner that would cause the Series 2003B Bonds to be Arbitrage Bonds within the meaning of the Code and Treasury Regulations.

Section 6.6 Arbitrage Rebate The County acknowledges that the Series 2003B Bonds are subject to the rebate requirements of Section 148(f) of the Code. The County covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Series 2003B Bonds from gross income for federal income tax purposes, unless and to the extent the Series 2003B Bonds qualify for the spending exceptions from the rebate requirement under Section 148(f)(4)(B) of the Code and the Regulations and no Gross proceeds of the Series 2003B Bonds (other than amounts constituting a bona fide debt service fund) arise during or after the expenditure of the original proceeds thereof.

Section 6.7 Qualified Tax-exempt Obligations The Board of Commissioners hereby designates the Series 2003B Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of qualified tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the County and all subordinate entities during calendar year 2003 does not exceed \$10,000,000.

Section 6.8 Reimbursement The County certifies that the proceeds of the Series 2003B Bonds will not be used by the County to reimburse itself for any expenditure with respect to the Project which the County paid or will have paid more than 60 days prior to the issuance of the Series 2003B Bonds unless, with respect to such prior expenditures, the County shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that a declaration of official intent shall not be required (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to preliminary expenditures for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the issue price of the Series 2003B Bonds.

Section 6.9 Continuing Disclosure (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2003B Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Series 2003B Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. '240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Series 2003B Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Series 2003B Bonds. The County is the only obligated person in respect of the Series 2003B Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The County has complied in all material respects with any undertaking previously entered into by it under the Rule. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Series 2003B Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Series 2003B Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a

Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Series 2003B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

(1) on or before 365 days after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2002, the following financial information and operating data in respect of the County (the Disclosure Information):

(A) the audited financial statements of the County for such fiscal year, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the County, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

(B) To the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: Current Property Values, Direct Debt, Tax Levies and Collections, Population Trend and Employment/Unemployment.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to each of the repositories hereinafter referred to under subsection (c) or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, notice of the occurrence of any of the following events which is a Material Fact (as hereinafter defined):
- (A) Principal and interest payment delinquencies;
  - (B) Non-payment related defaults;
  - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (E) Substitution of credit or liquidity providers, or their failure to perform;
  - (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
  - (G) Modifications to rights of security holders;
  - (H) Bond calls;
  - (I) Defeasances;
  - (J) Release, substitution, or sale of property securing repayment of the securities; and
  - (K) Rating changes.

As used herein, a Material Fact is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
- (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
  - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
  - (C) the termination of the obligations of the County under this section pursuant to subsection (d);
  - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
  - (E) any change in the fiscal year of the County.

(c) Manner of Disclosure. The County agrees to make available the information described in subsection (b) to the following entities by telecopy, overnight delivery, mail or other means, as appropriate:

- (1) the information described in paragraph (1) of subsection (b), to each then nationally recognized municipal securities information repository under the Rule and to any state information depository then designated or operated by the State of Minnesota as contemplated by the Rule (the State Depository), if any;

(2) the information described in paragraphs (2) and (3) of subsection (b), to the Municipal Securities Rulemaking Board and to the State Depository, if any; and the information described in subsection (b), to any rating agency then maintaining a rating of the Series 2003B Bonds at the request of the County and, at the expense of such Bondowner, to any Bondowner who requests in writing such information, at the time of transmission under paragraphs (1) or (2) of this subsection (c), as the case may be, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

(d) Term; Amendments; Interpretation.

(1) The covenants of the County in this section shall remain in effect so long as any Series 2003B Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Series 2003B Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

Section 7.1 Severability If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 7.2 Records and Certificates The officers of the Issuer are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, the attorneys approving the legality of the issuance of the Series 2003B Bonds, certified copies of all proceedings and records of the Issuer relating to the Series 2003B Bonds and the financial condition and affairs of the Issuer, and such other affidavits, certifications and information as are required to show the facts relating to the legality and marketability of the Series 2003B Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified coupons, certifications and affidavits, including any heretofore furnished, shall be deemed representations of the Issuer as to the facts related therein.

Section 7.3 Covenant With Bondholders Each and all of the terms and provisions of this Resolution shall be and constitute a covenant on the part of the Issuer to and with each and every Holder from time to time of the Outstanding Bonds issued hereunder.

Section 7.4 Amendments No change, amendment, modification or alteration shall be made in the covenants made with Holders of the Bonds without the consent of the Holders of not less than sixty percent (60%) in principal amount of then such Outstanding Bonds except for changes, amendments, modifications and alterations made (a) to cure any ambiguity or formal defect or omission, or (b) any other change which would not materially prejudice the Holders of such Outstanding Bonds; provided, however, that nothing herein contained shall permit or

be construed as permitting (1) an extension of the maturity of the principal of or the interest on any such Bonds, or (2) a reduction in the principal amount of any such Bond or the rate of interest thereon, or (3) a privilege or priority of any such Bond or Bonds over any other Bond or Bonds except as otherwise provided herein, or (4) a reduction in the aggregate principal amount of such Bonds required for consent to any change, amendment, modification or alteration, or (5) permit the creation of any lien ranking prior to or on a parity with the lien of such Bonds on the Gross Revenues of the Health Facilities, except as hereinbefore expressly permitted, or (6) modify any of the provisions of this paragraph without the consent of the Holders of one hundred percent (100%) of the principal amount of Bonds Outstanding, or, in the case of any modifications described in clauses (1) through (5) the Holders of only those Outstanding Bonds adversely affected by the modifications.

Section 7.5 Certificate of Registration The County Auditor is hereby authorized and directed to file a certified copy of this resolution in the records of the Issuer, together with such additional information as required, and to issue a certificate that the Bonds have been duly entered upon the Auditor's bond register.

Section 7.6 Headings Headings in this Resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

Section 7.7 Applicable Law This Resolution shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

Section 7.8 Authorization of Payment of Certain Costs of Issuance of the Series 2003B Bonds The Registrar is hereby authorized and directed, on the date of issuance and delivery of the Series 2003B Bonds, to pay the fees and expenses related to the cost of issuance of the Series 2003B Bonds to the persons and for the amounts set forth in Exhibit A and no further action of the County shall be necessary in connection with the payment of such fees and expenses of issuance of the Series 2003B Bonds.

Section 7.9 Ratification of Notice Publication All prior actions taken by the staff of the County in causing the notice of public hearing which is attached hereto as Exhibit B to be published as required by the Code is hereby ratified, affirmed and approved.

Section 7.10 Offering Memorandum. The Official Statement relating to the Series 2003B Bonds, dated February 13, 2003, and the supplement thereto, prepared and distributed on behalf of the County by Ehlers and Associates, Inc. is hereby approved. Ehlers and Associates, Inc. is hereby authorized on behalf of the County to prepare and distribute to the Purchaser within seven business days from the date hereof, a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Series 2003B Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934. The officers of the County are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

The motion for the adoption of the foregoing Resolution was duly seconded by Jerry Nelson and upon a vote being taken thereon, the following voted:

**IN FAVOR THEREOF:** Dennis McNally, Jerry Nelson, Les Nielsen,  
Kathi Ellis, Stan Cooper

**OPPOSED:** None

**ABSTAIN:** None

whereupon the resolution was declared duly passed and adopted.

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Kathi Ellis introduced the following resolution and its adoption:

## *Resolution 2 - 02/26/03*

### **RESOLUTION RELATING TO THE ISSUANCE OF GROSS REVENUE HEALTH CARE FACILITIES BONDS; CALLING FOR A PUBLIC HEARING THEREON**

**BE IT RESOLVED** by the Board of County Commissioners of Kanabec County, Minnesota (the "County"), as follows:

#### SECTION 1

##### Recitals

1.01. The County desires to construct and equip a hospital and clinic addition to the County's existing medical facilities (the "Project"). This Board has determined that it is in the best interests of the County to issue gross revenue health facilities bonds (the "Bonds") to pay for the Project and the cost of issuance of the Bonds. The County intends to repay the principal of and interest on the Bonds from revenues produced by the County's health facilities, including the Project.

1.02. The County intends to lease a portion of the Project to Allina Health Systems, a Minnesota non-profit corporation and a qualified 501(c)(3) organization.

#### SECTION 2

##### Public Hearing

2.01. In order that the interest on the Bonds not be includable in gross income for purposes of federal income taxation, this Board is required to conduct a public hearing on the issuance of the Bonds, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended. A public hearing on the proposal to issue the Bonds is hereby called and shall be held on Wednesday, March 26, 2003, at 6:35 p.m., at the Kanabec County Courthouse in Mora, Minnesota.

2.02. The County Coordinator shall cause notice of the public hearing to be published in the official newspaper of the County and a newspaper of general circulation in the County, at least once not less than fourteen (14) nor more than thirty (30) days prior to the date fixed for the public hearing. The notice to be published shall be substantially in the following form:

**NOTICE OF PUBLIC HEARING ON A PROPOSED PROJECT  
AND THE ISSUANCE OF GROSS REVENUE  
HEALTH FACILITIES BONDS**

**KANABEC COUNTY, MINNESOTA**

NOTICE IS HEREBY GIVEN that the Board of Commissioners of Kanabec County, Minnesota (the "County"), will meet on Wednesday, March 26, 2003, at 6:35p.m., at the County Courthouse in Mora, Minnesota, 18 N Vine Street, Mora, Minnesota for the purpose of conducting a public hearing on a proposal that the County issue gross revenue health facilities bonds, in one or more series, under Minnesota Statutes, Chapter 475, as amended, in order to construct and equip a hospital and clinic addition to the County's health facilities, all located at 300 Clark Street in the City of Mora, Minnesota (the "Project"). The County will lease a portion of the Project to Allina Health Systems, a Minnesota non-profit corporation and a qualified 501(c)(3) organization. The approximate principal amount of the proposed bond issue is \$4,200,000.

The County intends to repay the principal of and interest on the bonds from revenues produced by the County's health facilities.

All persons interested may appear and be heard at the time and place set forth above, or may file written comments with the County Coordinator prior to the date of the hearing set forth above.

Dated: February 26, 2003

BY ORDER OF THE BOARD OF  
COMMISSIONERS OF KANABEC  
COUNTY, MINNESOTA

By \_\_\_\_\_

County Coordinator

The motion for the adoption of the foregoing Resolution was duly seconded by Jerry Nelson and upon a vote being taken thereon, the following voted:

**IN FAVOR THEREOF:** Dennis McNally, Jerry Nelson, Les Nielsen,  
Kathi Ellis, Stan Cooper

**OPPOSED:** None

**ABSTAIN:** None

whereupon the resolution was declared duly passed and adopted.

**7:50pm** - The Chairperson invited public comment from the audience. Those that responded included (the firm of Leonard, Street & Deinard is referred here as LS & D):

Bill Olmstead	Opposes change in Hospital By Laws at this time. Give what we have a chance.
Dorothy Swetz	1. Opposed to paying Leonard, Street & Deinard. 2. Opposes change in Hospital By Laws at this

	time. 3. Wants her road paved if others are objecting to theirs being done.
Bob Strom	1. Hospital By-Laws: doesn't want 5 commissioners on the board. Hospital Board should be more representative of the county. Appointment process wasn't right.
Lucy Scultz	1. Doesn't like the acoustics in the board room. 2. Five Commissioners on the Hospital Board would be an insult.
Tom Jones	1. Pay the Leonard, Street & Deinard claim to avoid legal action. 2. Five Commissioners on the Hospital Board may never work.

**8:09pm** - County Engineer Greg Nikodym rejoined the meeting to request approval of Right of Way claims.

Kathi Ellis introduced the following resolution and its adoption:

### *Resolution 3 - 02/26/03*

**WHEREAS** the county board has been presented with a request to pay Right-of-Way claims on SAP 33-617-07 and SAP 33-617-06, the reconstruction of County State Aid Highway 17 from Portage Avenue to CSAH 11;

**BE IT RESOLVED** to pay the following Right-of-Way claims:

Nncy Loirimer	330.50
Church of St. Mary's of Mora	1,180.00
Bradley Fredrickson	1415.50
Carl & Barbara Fredrickson	470.00
Allen Bergstad and Greater MN Credit Union	375.00
Glen & Jean Johnstone	497.00
Randolph, Judith, Scot, & Bradley Fredrickson & Peoples National Bank	3484.70
Randolph, Judith, Scot, & Bradley Fredrickson & Peoples National Bank	2085.15
Lois Bliss	1660.00
Ray Fredrickson & Michele Minar	521.60
Melvin & Joan Wicklund	1611.20
Jayson & Michelle Pautzke & TCF Mortgage Corp	454.30

It was moved by Jerry Nelson, seconded by Kathi Ellis, and carried unanimously to approve the following claims on hospital funds:

## Hospital Paid Bills

ACCURINT	15.95
ACMI	614.50
ADVANCE MEDICAL DESIGNS, INC.	173.07
ALIMED, INC.	45.94
ALLEGIANCE HEALTHCARE CORP.	345.95
ALLEGIANCE HEALTHCARE CORP.	1,983.54
ALLERDERM LABORATORIES, INC.	65.00
ALLINA ED.& RESEARCH AD.4300	410.00
ALLINA HEALTH SYSTEM	34.14
ALLINA HEALTH SYSTEM	985.35
ALLINA LABORATORIES	3,117.90
ALLINA LABORATORIES	2,590.00
ALLINA MEDICAL CLINIC	100.00
AMERICAN RED CROSS	1,249.30
AMERICAN RED CROSS	3,533.95
AMERICINN OF MORA	91.06
AMERIFLEX, LLC	546.00
AMERIFLEX, LLC	325.50
AQUILA (PNG)	11,335.64
ARMSTRONG MEDICAL	64.56
ARROW INTERNATIONAL, INC.	579.24
ARROW INTERNATIONAL, INC.	107.12
ASHP	157.50
ASPEN MILLS	43.61
ASPEN MILLS	83.16
AT&T WIRELESS	33.62
AVENTIS PASTEUR INC.	784.87
BALEGO AND ASSOCIATES, INC.	1,193.74
BALL DYNAMICS INTER., INC.	50.65
BAXA CORPORATION	103.25
BAXTER HEALTHCARE, IV DIV.	621.10
BAXTER HEALTHCARE, IV DIV.	2,042.64
BAXTER HEALTHCARE, IV DIV.	1,282.31
BAXTER HEALTHCARE, IV DIV.	175.17
BAXTER HEALTHCARE, IV DIV.	2,210.55
BAY MEDICAL, INC.	72.32
BAYER CORPORATION	2,819.52
BIRD & CRONIN, INC.	469.30
BIRD & CRONIN, INC.	55.88
BIRD & CRONIN, INC.	612.74
BIRD & CRONIN, INC.	221.73
BLUE CROSS BLUE SHIELD OF MINN	300.00

BOSTON SCIENTIFIC CORPORATION	1,097.00
BOSTON SCIENTIFIC CORPORATION	409.00
BOSTON SCIENTIFIC CORPORATION	1,155.50
BOSTON SCIENTIFIC CORPORATION	1,364.50
BRAINERD GLASS	42.72
BRENT THOMPSON	106.36
BRISSMAN-KENNEDY	207.68
BUSINESS DATA RECORD SERVICES	145.52
BUSINESS DATA RECORD SERVICES	137.27
CAMP HEALTHCARE INC.	67.64
CAMP HEALTHCARE INC.	70.74
CAMP HEALTHCARE INC.	198.85
CARDINAL HEALTH, INC.	31,929.23
CARDINAL HEALTH, INC.	29,039.17
CARDINAL HEALTH, INC.	27,863.06
CARDINAL HEALTH, INC.	23,079.98
CARDINAL HEALTH, INC.	43,350.65
CARDINAL HEALTH, MED PROD.SERV	963.29
CARDINAL HEALTH, MED PROD.SERV	1,243.02
CARDINAL HEALTH, MED PROD.SERV	599.18
CARSTENS HEALTH INDUSTRIES	112.85
CATHERINE TWEET	183.94
CELLULAR ONE	118.78
CENTRAL MINN. DIAGNOSTIC, INC.	88,333.50
CENTRAL MINN. DIAGNOSTIC, INC.	3,935.08
CENTRAL MINN. DIAGNOSTIC, INC.	110,475.50
CERIDIAN EMPLOYER SERVICES	2,382.19
CHANNING L. BETE CO., INC.	82.35
CHERYL BLEGEN	111.10
CIRCULATORY MANAGEMENT, INC.	285.50
CITICORP VENDOR FINANCE, INC.	257.54
CITICORP VENDOR FINANCE, INC.	155.11
CITICORP VENDOR FINANCE, INC.	571.00
CITY OF MORA	250.00
CJA SYSTEMS, INC.	239.92
COLETTE DICKINSON	28.13
COMPHEALTH CONSULTING INC.	22,020.00
CONMED CORPORATION	360.00
CONMED CORPORATION	1,158.78
CONMED CORPORATION	107.70
CROSSROADS MED. SERVICES LLC	1,938.60
CROSSROADS MED. SERVICES LLC	3,926.00
CROSSROADS MED. SERVICES LLC	5,160.53
CUYUNA REGIONAL MEDICAL CENTER	100.00
DADE BEHRING, INC.	7,580.88
DADE BEHRING, INC.	756.42
DADE BEHRING, INC.	2,705.93

DAVOL/BARD, INC.	310.67
DAVOL/BARD, INC.	597.72
DEATONS MAILING SYSTEMS, INC.	96.50
DEBRA WRIGHT	154.80
DELTA MEDICAL SYSTEMS, INC.	21,500.80
DELTEC, INC.	598.00
DHS MEDICAL CARE SURCHARGE	11,151.93
DIAGNOSTIC IMAGING-MID AMERICA	1,876.77
DIAGNOSTIC IMAGING-MID AMERICA	356.29
DIAGNOSTIC IMAGING-MID AMERICA	44.50
DISCOUNT SURGICAL STOCKINGS,	137.65
DOOR SERVICE OF ST. CLOUD	250.00
ECM PUBLISHERS, INC.	110.02
ECOLAB	131.76
EMERGENCY APPARATUS MAINT.	2,676.37
EMERGENCY APPARATUS MAINT.	311.78
EMERGENCY MEDICAL PRODUCTS,INC	255.73
EMERGENCY MEDICAL PRODUCTS,INC	155.09
ENRICA FISH BOOKS, INC.	42.95
FAIRVIEW	12,405.28
FEDERAL EXPRESS CORP	11.93
FEDERAL EXPRESS CORP	14.81
FEDERATED CO-OP INC.	10.44
FILE MASTER, INC.	65.25
FISHER HEALTHCARE	131.78
FISHER HEALTHCARE	306.05
FREDRICKSON & BYRON, P.A.	72.50
GETINGE CASTLE	91.45
GREAT LAKES BILLING SERVICES	51.15
GREAT LAKES BILLING SERVICES	44.03
GREATER MINNESOTA CU	1,202.48
HANDYMAN'S, INC.	245.56
HANDYMAN'S, INC.	121.32
HESSCO THEREQUIP. INC.	126.50
HOLIDAY COMMERCIAL	435.92
HOLIDAY INN-DULUTH	467.82
HOLIDAY INN-DULUTH	233.91
HOLIDAY INN-DULUTH	935.64
HOLIDAY INN-DULUTH	311.88
HOLIDAY INN-DULUTH	1,403.46
HOLLISTER, INC.	587.00
HOLLISTER, INC.	62.70
HORIZON MEDICAL PRODUCTS, INC.	126.94
HORIZON MEDICAL PRODUCTS, INC.	116.46
HORIZON MEDICAL PRODUCTS, INC.	127.48
HUNTLEIGH HEALTHCARE, INC.	432.20
IMMUCOR	92.73

INGENIX PUBLISHING GROUP	299.02
INGENIX PUBLISHING GROUP	202.36
INTEGRA TELECOM	516.33
IVANS	15.16
J&J HEALTH CARE SYSTEMS INC.	2,149.88
J.N. JOHNSON SALES & SERVICE	137.50
K & H CONSTRUCTION INC.	3,330.00
KENDALL HEALTHCARE PRODUCTS CO	261.50
KENDALL-LTP	330.00
KENDALL-LTP	220.00
KENDALL-LTP	220.00
KRAMES/STAYWELL	378.20
KRAMES/STAYWELL	39.95
LAERDAL MEDICAL CORPORATION	56.80
LAERDAL MEDICAL CORPORATION	131.00
LAERDAL MEDICAL CORPORATION	78.70
LARSON, ALLEN, WEISHAIR & CO.	619.76
LARSON, ALLEN, WEISHAIR & CO.	490.00
LINTEX CORPORATION	56.40
LISA KYLANDER	71.06
LORMAN EDUCATION SERVICE,INC	299.00
M.C. JOHNSON	64.95
MARCO BUSINESS PRODUCTS	484.70
MARCO FINANCING	3,728.56
MARK & MEND INC	61.31
MARSUZ LLC	21.20
MC MASTER CARR SUPPLY CO.	20.87
MCKESSON INFORMATION SOLUTIONS	29.00
MEDELA, INC.	157.20
MEDIA MASTR CPI	67.83
MEDIA MASTR CPI	547.59
MEDIA MASTR CPI	95.77
MEDLINE INDUSTRIES, INC.	1,355.11
MEDLINE INDUSTRIES, INC.	912.47
MEDLINE INDUSTRIES, INC.	472.30
MEDLINE INDUSTRIES, INC.	1,444.55
MEDTRONIC PHYSIO-CONTROL CORP	1,121.38
MICROAIRE SURGICAL INSTRUMENTS	1,159.54
MICROAIRE SURGICAL INSTRUMENTS	190.67
MIDWEST MEDICAL INS. COMPANY	11,489.00
MIDWEST SURGICAL SERVICES	1,440.00
MINNESOTA BOOKSTORE	25.95
MINNESOTA DEPT OF HEALTH	1,050.00
MINNESOTA ELECTRIC SUPPLY CO.	117.06
MINNESOTA SHREDDING LLC.	176.00
MINNESOTA UC FUND	1,613.97
MN MED, INC.	278.85

MOBILE INSTRUMENT SERV & REP.	36.04
MOORE MEDICAL CORP.	116.21
MORA AREA CHAMBER OF COMMERCE	590.00
MORA MEDICAL ASSOCIATES, P.A.	38,911.66
MORA MUNICIPAL UTILITIES	10,738.83
MORA MUNICIPAL UTILITIES	356.05
MORTARA INSTRUMENT	547.19
NCICFUL	21.95
NELLCOR PURITAN BENNETT, INC.	82.50
NELLCOR PURITAN BENNETT, INC.	241.72
NETWORK SERVICES COMPANY	93.97
NETWORK SERVICES COMPANY	388.13
NETWORK SERVICES COMPANY	981.82
NETWORK SERVICES COMPANY	281.89
NORLIGHT TELECOMMUNICATIONS	599.03
NORTHSTAR ACCESS	3,568.03
NORTHSTAR SURGICAL, INC.	99.00
NORTHSTAR THERAPEUTICS	200.50
NURSING	29.90
OLYMPUS AMERICA INC.	7,895.79
OLYMPUS AMERICA, INC.	189.72
OMNICELL	585.00
ON CALL CLINICIANS	2,667.25
ON CALL CLINICIANS	3,125.50
OSLIN LUMBER CO.	68.80
OSTEOMED CORPORATION	489.00
OWENS & MINOR 66327205	2,912.72
OWENS & MINOR 66327205	1,895.95
OWENS & MINOR 66327205	104.90
OWENS & MINOR 66327205	10,328.39
OWENS & MINOR 66327205	777.70
OWENS COMPANIES, INC.	197.21
OWENS COMPANIES, INC.	1,278.87
OWENS COMPANIES, INC.	1,945.18
PAL HEALTH TECHNOLOGIES, INC.	268.00
PAL HEALTH TECHNOLOGIES, INC.	104.50
PAL HEALTH TECHNOLOGIES, INC.	593.50
PAL HEALTH TECHNOLOGIES, INC.	176.25
PAL HEALTH TECHNOLOGIES, INC.	368.50
PARK NICOLLET INSTITUTE	920.43
PAT RUNQUIST	91.45
PDS-PRECISION DIAGNOSTIC SERV.	1,900.00
PDS-PRECISION DIAGNOSTIC SERV.	1,900.00
PEOPLE POWERED SPORTS	11.50
PESI HEALTHCARE LLC	144.00
PHYSICIANS RECORD CO.	55.50
PHYSICIANS RECORD CO.	73.68

PINE CITY HEALTH AND FITNESS	600.00
POSITEX, INC.	294.40
POSITEX, INC.	199.90
PRECISION DIAGNOSTIC SERVICES	3,800.00
PRECISION DIAGNOSTIC SERVICES	3,800.00
Q WEST	119.53
Q WEST DEX	258.50
QUALITY DISPOSAL SYSTEMS, INC.	787.11
QUEST DIAGNOSTICS INCORPORATED	1,905.10
QUINTON INSTRUMENT CO.	61.12
RAGAN COMMUNICATIONS, INC.	99.00
REFUNDS	48.15
REFUNDS	37.46
REFUNDS	35.64
REFUNDS	50.00
REFUNDS	6,683.82
REFUNDS	68.91
REFUNDS	9.35
REFUNDS	67.32
REFUNDS	168.00
REFUNDS	233.28
REFUNDS	29.16
REFUNDS	1,123.85
REFUNDS	100.00
REFUNDS	22.79
REFUNDS	32.05
REFUNDS	197.91
REFUNDS	43.02
REFUNDS	336.76
REFUNDS	2,346.72
REFUNDS	94.47
REFUNDS	235.08
REFUNDS	32.79
REFUNDS	8.80
REFUNDS	91.35
REFUNDS	20.00
REFUNDS	2,290.00
REFUNDS	773.47
REFUNDS	292.16
REFUNDS	30.00
REFUNDS	370.77
REFUNDS	10.00
REFUNDS	13.40
REFUNDS	60.96
REFUNDS	1,242.00
REFUNDS	1,247.84
REFUNDS	22.64

REFUNDS	23.09
REFUNDS	52.32
REFUNDS	10.59
REFUNDS	8.59
REFUNDS	3.31
REFUNDS	16.74
REFUNDS	13,884.46
REFUNDS	50.00
REFUNDS	95.95
REFUNDS	11.41
REFUNDS	40.50
REFUNDS	21.30
REFUNDS	545.07
REFUNDS	41.35
REFUNDS	135.00
REFUNDS	60.00
REFUNDS	13,004.16
REFUNDS	5,008.97
REFUNDS	9,285.22
REFUNDS	20.39
REFUNDS	20.00
REFUNDS	41.35
REFUNDS	150.00
REFUNDS	40.00
REFUNDS	168.00
REFUNDS	419.00
REFUNDS	50.00
REFUNDS	29.20
REFUNDS	52.00
REFUNDS	190.00
REFUNDS	300.56
REFUNDS	9.35
REFUNDS	7.07
REFUNDS	135.30
REFUNDS	1,249.68
REFUNDS	100.00
REFUNDS	60.00
REFUNDS	171.76
REFUNDS	123.67
REFUNDS	70.60
REFUNDS	2,615.08
REFUNDS	1,283.50
REFUNDS	85.00
REFUNDS	337.37
REFUNDS	25.07
REFUNDS	810.27
REFUNDS	5.09

REFUNDS	87.90
REFUNDS	205.00
REFUNDS	57.70
REHAB MED & EQUIP, INC.	72.01
REHAB MED & EQUIP, INC.	13.32
REMINISCE/REIMAN PUBL.	29.98
ROSE RYAN	98.29
ROUBINEK MOTORS	124.85
ROYCE MEDICAL COMPANY	65.51
ROYCE MEDICAL COMPANY	57.62
RURAL CELLULAR CORPORATION	325.62
S & T OFFICE PRODUCTS	1,004.96
SAMMONS PRESTON, INC.	109.94
SAMMONS PRESTON, INC.	72.03
SCOTT A. PAULSEN	3,881.25
SPECTRON	7,611.71
ST. CLOUD HOSPITAL	110.99
ST. CLOUD STAMP AND SIGN INC.	65.81
ST. CLOUD TIMES	239.55
STANDARD REGISTER	577.87
STANDARD REGISTER	138.76
STAR TRIBUNE ADS	397.50
STATE OF MINNESOTA	2,950.68
STATE OF MN, DEPT OF ADMINIST.	9.95
STERIS CORPORATION	2,145.75
STERIS CORPORATION	366.00
STERLING STORAGE	78.00
STEVE SELL,MCAHRMM TREAS.	75.00
SUE BELFORD	124.89
SUNSTONE BEHAVIORAL HEALTH,INC	3,200.00
SYSCO	563.48
TERRY JOHNSON, M.D.	835.00
THE ARAZ GROUP	192.06
THE BIRTH CENTER	1,200.00
THE OR GROUP, INC.	229.31
THREE RIVERS PATHOLOGY	710.00
TRI-ANIM HEALTH SERVICES	60.60
TRI-ANIM HEALTH SERVICES	508.44
TRI-ANIM HEALTH SERVICES	579.22
T-SYSTEM, INC.	855.00
U OF M	25.00
UCG INFORMATION SERVICES	279.00
UNITED PARCEL SERVICE	88.31
UNITED STATES POSTAL SERVICE	1,500.00
UNITED STATES SURGICAL	606.07
UNITED STATES SURGICAL	302.11
UNITED STATES SURGICAL	148.53

UNIVERSAL HOSPITAL SERVICES	3,755.32
US CABLE	197.60
US FOODSERVICE	1,844.66
US FOODSERVICE	1,593.49
US FOODSERVICE	1,771.33
US FOODSERVICE	1,725.98
US FOODSERVICE	1,752.31
USI, INC.	34.53
VIKING COCA-COLA BOTTLING CO.	68.40
VIKING ELECTRIC SUPPLY, INC.	311.22
VIROMED LABORATORIES	85.00
WAPITI MEDICAL GROUP-LAKELAND	6,120.00
WAPITI MEDICAL GROUP-LAKELAND	1,020.00
WORLD POINT ECC, INC.	34.70
XYGENT, INC./QDC	2,160.00
	792,748.25

## Hospital Regular Bills

AHA SERVICE'S INC.	62.95
ACE HARDWARE	414.29
GRACE AKKERMAN	101.52
ADT MEDICAL WASTE SYSTEMS	624.00
AIRGAS NORTH CENTRAL	1,634.98
DENISE AMUNDSON	21.29
APIC	160.00
ROBERT LAKEBERG	825.00
BACHMAN'S VARIETY & CRAFTS	1.99
SUE BELFORD	72.98
CATHY BERGREN	32.13
LARRY BRETTFINGEN	25.00
BRIGGS CORP.	32.84
BECKY BRYANT	92.99
CHERYL BLEGEN	121.63
CAREER TRACK	298.00
CELLULAR ONE	82.36
CENTRAL MINNESOTA SURGEONS,LTD	2,000.00
CITY OF MORA	62.50
COBORN'S INC.	189.43
COBORNS PHARMACY	62.53
DANDELION FLORAL	26.00
DARLA R. ANDERSON	32.40
OHMEDA MEDICAL INC.	6,152.23
DULUTH FAMILY PRACTICE CENTER	20.00
EAGLES WING FLORAL & DESIGN	183.50

ECM PUBLISHERS, INC.	3,434.93
MARY KATHI ELLIS	25.00
RHONDA FELLAND	30.27
MIKE FETZEK	25.00
KAREN FITZMAURICE	49.83
GENESIS COMPUTERS, INC.	568.25
GRAINGER	896.62
EXPERIENCE WORKS	400.00
HALL DRUG CO.	36.69
SUE HALLIN	36.85
GUS HELLZEN	172.88
HHRAM	70.00
HOWARD HOLMES	30.00
ROBERT JENSEN	25.00
DIANNE JOHNSON	30.73
KANABEC COUNTY HIGHWAY DEPT.	55.00
KANABEC PUBLICATIONS	1,029.08
KBEK 95.5 FM	465.80
BILL KELLOGG	90.36
LAKE SUPERIOR LAUNDRY	5,693.30
ALAINA LEE	138.44
KITTY LOSINGER	52.56
LAURALEE MAARTENIES-LARMORE	64.18
MARCO BUSINESS PRODUCTS	150.00
JEFF AKKERMAN	376.07
BARBARA MILLER	108.00
MEDLEARN, INC.	82.95
DENNIS MC NALLY	25.00
MEDTOX LABORATORIES	611.90
LU ANN MILLER	15.00
MINNEAPOLIS CLINIC OF NEUROLOG	345.00
MINNESOTA ELEVATOR, INC.	351.92
MORA BAKERY	781.49
MORA IGA	24.38
JANYCE NESTRUD	188.00
STEVE NESTRUD	39.44
ROGER NIEBOER	25.00
KAREN L. NOWLING	104.77
LORI OEHRLEIN	109.44
SCOTT OMLID	89.08
PDR	39.95
PAMIDA, INC.	105.83
PAPER DOLLS	467.00
JENNIFER PETERSON	89.28
LISA PETERSON	40.66
SHEILA PETERSON	64.80
PINE COUNTY AMBULANCE SERVICE	50.00

PINE LAKE COMMUNICATION & ELEC	349.00
RADIO SHACK	7.89
KAREN RENAUD	92.64
DEBRA RIEMAN	155.00
ROSE RYAN	108.80
S & T OFFICE PRODUCTS	1,812.92
MYRNA SAMPSON	21.34
JILL SAWYER	28.80
SUE SHCILLER	47.45
CRAIG SCHULTZ	25.00
JOHN SCHULTZ	337.50
SISU MEDICAL SYSTEMS	62,920.00
JOHN SKILLICORN	25.00
SNOWFLAKE DISTRIBUTING	703.14
DAWN STASKIVIGE	473.29
JUDY SUNDET	80.88
SUNSTONE BEHAVIORAL HEALTH,INC	37,900.00
THE LAMAR COMPANIES	490.00
BRENT THOMPSON	129.54
THOMPSON SEWER SERVICE	150.00
ROBERT TREAGUE	300.00
CATHERINE TWEET	136.12
UNITED STATES POSTAL SERVICE	1,500.00
VOLUNTEERS OF AMERICA	50.00
WCMP BROADCASTING	1,845.89
ZIMMERMANS	<u>2,051.59</u>
Totals:	142,780.06

It was moved by Kathi Ellis, seconded by Les Nielsen, and carried unanimously to approve payment of the following construction claims:

ALBINSON, INC	4,437.26
BROCK WHITE COMPANY	334.95
DIRECT DIGITAL CONTROLS, INC.	8,517.60
DULUTH STEEL FABRICATORS,INC.	10,431.00
ENVIRON-CON, INC.	13,077.00
FIRST IMPRESSION PRINTING	421.10
GORHAM-OIEN MECHANICAL	21,420.00
GRAINGER	775.18
JORDAN ARCHITECTS, P.A.	15,460.00
KANABEC PUBLICATIONS	339.19
MENSING CONST. INC.	6,578.75
MERRIMAC CONSTRUCTION CO., INC	13,770.00
MONSON'S ROLL-OFF SERVICE	936.25
NOR-SON, INC.	24,357.38
OWENS COMPANIES, INC.	6,929.94
RELIANCE ELECTRIC, INC.	2,470.00

RJ MECHANICAL	39,692.70
RUM RIVER CONTRACTING	37,308.60
SMOLNIK ELECTRIC, INC.	32,310.00
Totals:	239,566.90

**8:15pm** - Pursuant to the motion to postpone consideration, Resolution 14-02/12/03 was presented for further discussion, the resolution being restated as:

### *Resolution 14 - 02/12/03*

**BE IT RESOLVED** to adopt a new set of By-Laws for the Kanabec Hospital Board identical to the current By-Laws of the Douglas County Hospital to replace of all preceding By-Laws of the Kanabec Hospital Board.

Upon a vote being taken thereon, the following voted:

**IN FAVOR THEREOF:** Dennis McNally, Stan Cooper  
**OPPOSED:** Jerry Nelson, Les Nielsen, Kathi Ellis  
**ABSTAIN:** None

whereupon the resolution failed.

It was moved by Les Nielsen, seconded by Kathi Ellis, and carried unanimously to approve the following resolution:

### *Resolution 4 - 02/26/03*

**WHEREAS** it is beneficial to have Rules of Order in the conduct of the business of the board;

**BE IT RESOLVED** to establish a Rules Committee to consider the matter of Rules of Order for the Kanabec County Board of Commissioners.

**8:45pm** - Jinx Greski met with the County Board to discuss matters concerning MAYRA pull-tab operations. No action was taken at this time.

**8:50pm** - Court Administrator Lu Ann Blegen met with the County Board to discuss matters concerning a request for assistance from Pine County.

It was moved by Les Nielsen, seconded by Stan Cooper, and carried unanimously to authorize Blegen to provide services for the Pine County Administrator on an hourly reimbursement basis at a rate of \$31.44 per hour.

**9:12pm** - Auditor/Treasurer Denise Cooper met with the County Board to discuss matters concerning staff compensation.

Kathi Ellis introduced the following resolution and its adoption:

### ***Resolution 5 - 02/26/03***

**WHEREAS** Board Resolution 7-02/19/03 did authorize the expenditure of up to \$300.00 for a reevaluation of positions in Auditor/Treasurer Denise Cooper's office, and

**WHEREAS** the estimated cost is \$500.00;

**BE IT RESOLVED** to amend Board Resolution 7-02/19/03 to change the \$300.00 limit to \$500.00.

The motion for the adoption of the foregoing Resolution was duly seconded by Les Nielsen and upon a vote being taken thereon, the following voted:

**IN FAVOR THEREOF:** Dennis McNally, Les Nielsen, Kathi Ellis

**OPPOSED:** Jerry Nelson

**ABSTAIN:** Stan Cooper

whereupon the resolution was declared duly passed and adopted.

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**9:45pm** - The Chairperson extended the meeting to 10:00pm to conclude business pursuant to Board *Resolution 1-01/07/03*.

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Les Nielsen introduced the following resolution and its adoption:

### ***Resolution 6 - 02/26/03***

**WHEREAS** the work load of employee Karen McClellan is experiencing a temporary peak requiring many hours of work in addition to the normal work schedule, and

**WHEREAS** bargaining unit agreement limits comp time accrual to 40 hours beyond which accrued time must be paid, and

**WHEREAS** current state budget concerns encourage a reduction in overtime payments;

**BE IT RESOLVED** to submit a letter of agreement to Teamsters Local 320 to temporarily increase the compensatory limit on employee Karen McClellan to 80 hours until September 1, 2003, and

**BE IT FURTHER RESOLVED** to approve the agreement if accepted by the bargaining unit.

The motion for the adoption of the foregoing Resolution was duly seconded by Kathi Ellis and upon a vote being taken thereon, the following voted:

**IN FAVOR THEREOF:** Jerry Nelson, Les Nielsen, Kathi Ellis, Stan Cooper  
**OPPOSED:** Dennis McNally  
**ABSTAIN:** None

whereupon the resolution was declared duly passed and adopted.

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**9:46pm** - Connie Strandberg with Kanabec County Public Health met with the County Board to discuss matters concerning the mini-bus.

It was moved by Jerry Nelson, seconded by Les Nielsen, and carried unanimously to authorize payment of a \$35.00 stipend to a volunteer to drive the mini-bus during the absence of a regular driver over the next 12 weeks.

The meeting was adjourned at 10:00 pm pursuant to Board *Resolution 1-01/07/03* to meet in regular session on Wednesday, March 12, 2003 at 9:00am.

*Signed* \_\_\_\_\_  
Chairperson of the Kanabec County Board of Commissioners,  
Kanabec County, Minnesota

*Attest:* \_\_\_\_\_  
Kanabec County Coordinator