AMENDED AGENDA

REGULAR MEETING
OF THE BOARD OF COMMISSIONERS OF
ST. LOUIS COUNTY, MINNESOTA

Tuesday, November 12, 2013, 9:30 A.M.

Fredenberg Town Hall
5104 Fish Lake Road
Duluth, Minnesota

Directions: Highway 53 to Ugstad Road/LaVaque Bypass in Hermantown. North on Ugstad Road/LaVaque Bypass which becomes LaVaque Road (CSAH 48) to Fish Lake Road (approximately 6 miles). The Fredenberg Town Hall will be on your left at this intersection.

CHRIS DAHLBERG, Chair
Third District

FRANK JEWELL **First District**	**ANGIE MILLER** **Second District**	**MIKE FORSMAN, Vice Chair** **Fourth District**
PETE STAUBER **Fifth District**	**KEITH NELSON** **Sixth District**	**STEVE RAUKAR** **Seventh District**

County Auditor Donald Dicklich	County Administrator Kevin Gray	County Attorney Mark Rubin	Clerk of the Board Phil Chapman

The St. Louis County Board of Commissioners welcomes you to this meeting. This agenda contains a brief description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, you will be allowed to address the Board when a motion is on the floor. If you wish to speak on a matter that does not appear on the agenda, you may do so during the public comment period at the beginning of the meeting. Except as otherwise provided by the Standing Rules of the County Board, no action shall be taken on any item not appearing in the agenda.

When addressing the Board, please sign in at the podium and state your name and address for the record. Please address the Board as a whole through the Chair. Comments to individual Commissioners or staff are not permitted. The St. Louis County Board promotes adherence to civility in conducting the business of the County. Civility will provide increased opportunities for civil discourse in order to find positive resolutions to the issue before the Board. Tools of civility include: pay attention, listen, be inclusive, do not gossip, show respect, be agreeable, apologize, give constructive criticism and take responsibility [County Board Resolution No. 560, adopted on September 9, 2003]. Speakers will be limited to five (5) minutes.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify Property Management 72 hours prior to the meeting at (218)725-5085.

All supporting documentation is available for public review in the County Auditor's Office, 100 North 5th Avenue West - Room No. 214, St. Louis County Courthouse, Duluth, MN, during regular business hours 8:00 A.M. - 4:30 P.M., Monday through Friday. Agenda is also available on our website at http://www.stlouiscountymn.gov/GOVERNMENT/BoardofCommissioners.aspx

9:30 A.M. Moment of Silence
Pledge of Allegiance
Roll Call
"St. Louis County History: People & Places" – Commissioner Jewell, First District

Recognition: Brian Rulifson, Veterans Service Officer

AT THIS TIME CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD ON ITEMS NOT ON THE AGENDA. [Speakers will be limited to 5 minutes each.]

FOR ITEMS LISTED ON THE BOARD AGENDA OR COMMITTEE OF THE WHOLE AGENDA, CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD AT THE TIME A MOTION IS ON THE FLOOR.

9:40 A.M. According to Resolution No. 13-632, adopted October 22, 2013, the St. Louis County Board will consider bids received for the sale of surplus fee owned land located in Solway Township and authorize the sale of the land to the party submitting the highest bid. **{13-477}**

CONSENT AGENDA
Approval of business submitted on the consent agenda.

REGULAR AGENDA

Finance & Budget Committee – Commissioner Raukar, Chair
1. Sale of Chris Jensen Health & Rehabilitation Center to current lessee, Health Dimensions Group. **{13-476}**

Environment & Natural Resources Committee – Commissioner Nelson, Chair
#2. Board of Water and Soil Resources NE MN Wetland Mitigation Report and Meeting. **[Has not been to committee; requires consent of the Board to be considered.]**

RECESS: The Board will recess and reconvene at 2:00 P.M.

TIME SPECIFIC:
2:00 P.M. General Obligation Capital Improvement Bonds, Series 2014A
#3. St. Louis County participation in the Arrowhead Regional Corrections Capital Project Fund and the 2014 NERCC Capital Project. **{13-488}**

4. Resolution Providing for the Issuance, Sale and Delivery of $5,470,000 General Obligation Capital Improvement Bonds, Series 2014A; Establishing the Terms and Form thereof; Creating a Debt Service Fund therefor; and Awarding the Sale thereof for improvements to the Northeast Regional Correction Center.

ADJOURNED:

BOARD LETTER NO. 13 - 477

FINANCE & BUDGET COMMITTEE

NOVEMBER 12, 2013 BOARD AGENDA 9:40 A.M.
PUBLIC SALE

DATE: **November 12, 2013**

RE: **Sale of Fee Land (Solway Township)**

FROM: **Kevin Z. Gray**
County Administrator

Tony Mancuso, Director
Property Management

RELATED DEPARTMENT GOAL:
Facilitate county fee land purchase, sale and easement activities.

ACTION REQUESTED:
The St. Louis County Board is requested to consider bid(s) received for the sale of surplus fee owned land and authorize the sale of the land.

BACKGROUND:
County Board Resolution No. 13-632 dated October 22, 2013 set the time for bid consideration to be at 9:40 A.M. on Tuesday, November 12, 2013, for a parcel of County Fee land in Solway Township. The property, a portion of a depleted gravel pit owned in fee, was advertised according to the requirements of Minn. Stat. § 373.01, the minimum bid was set at $850. Mr. Dennis L. Johnson and Wade D. Johnson requested this sale and have submitted the minimum bid of $850.

The Public Works Department wishes to retain this depleted gravel pit for use as a disposal site for ditching materials. The portion requested for sale is on the south boundary of the pit and will not impair the continued use by Public Works.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the sale of fee owned county land to Dennis L. Johnson and Wade D. Johnson and authorize the appropriate county officials to execute and deliver a quit claim deed for the property for the bid amount of $850.00 Buyers are responsible for deed tax and recording fees.

Sale of Fee Land (Solway Township)

BY COMMISSIONER_____

WHEREAS, The Property Management Team has approved the sale of fee land located in Solway Township, legally described as follows:

A part of the following parcel of land transferred by Deed 74488, Office of the County Recorder, St. Louis County, Minnesota described as: beginning at the Northwest corner of the NW ¼ -SW ¼, Sec. 29, Township 50 North, Range 16 West, and running East along the North line of said NW ¼ - SW ¼ for a distance of 650 feet to a point; thence due South at right angles to the North line for a distance of 284.17 feet to a point; thence at an angle of 18° 37' to the right, from the last described line, for a distance of 626.54 feet to a point; thence at an angle of 61° 23' to the right, from the last described line, for a distance of approximately 350 feet to the West line of said NW ¼ - SW ¼; thence North along said West line for a distance of 834.71 feet to the point of beginning. Described as follows:

Commencing at the Northwest corner of the Northwest Quarter of the Southwest Quarter, Section 29, Township 50 North, Range 16 West, St. Louis County, Minnesota: thence North 88° 24' 08" East along the east-west quarter line of said Section 29 for a distance of 650.00 feet; thence South 01°35'52" East for a distance of 284.71 feet; thence South 27°01'08" West for a distance of 470.00 feet to the point of beginning; thence continuing South 27°01'08" West for a distance of 156.54 feet; thence South 88°24'08" West for a distance of 371.35 feet to the west line of said Section 29; thence North 00°07'37" West along the west line of said Section 29 for a distance of 53.31 feet; thence North 77°41'45" East for a distance of 452.84 feet to the point of beginning.

AND

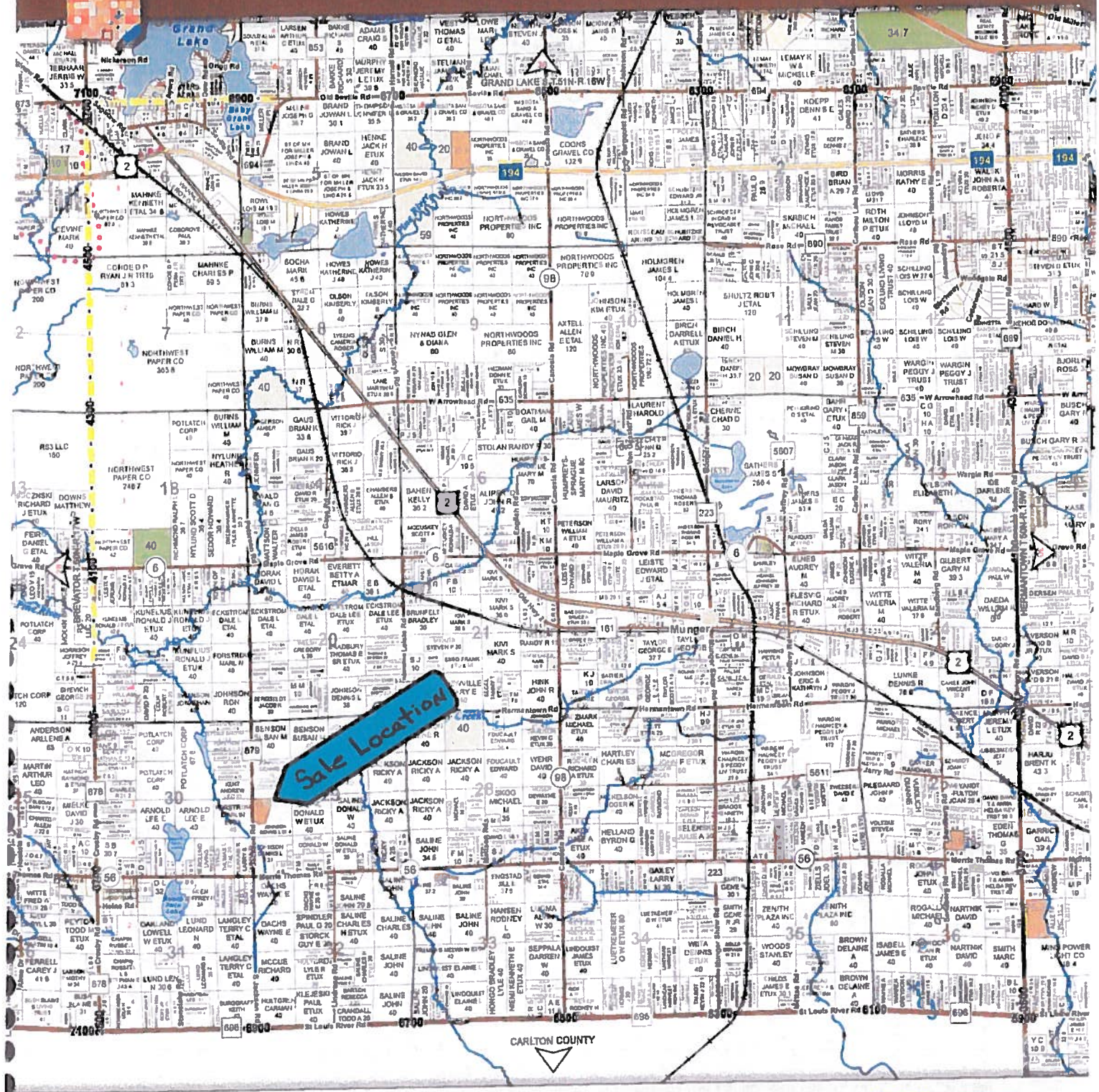
That part of the first above described property lying easterly and southerly of the following described line: Commencing at the Northwest corner of the Northwest Quarter of the Southwest Quarter, Section 29, Township 50 North, Range 16 West, St. Louis County, Minnesota: thence North 88° 24' 08" East along the east-west quarter line of said Section 29 for a distance of 650.00 feet to the point of beginning of the line to be described; thence South 01°35'52" East for a distance of 284.71 feet; thence South 27°01'08" West for a distance of 470.00 feet to the point of beginning; thence continuing South 27°01'08" West for a distance of 156.54 feet; thence South 88°24'08" West for a distance of 371.35 feet to the west line of said Section 29;

WHEREAS, The property was advertised for sale and Dennis L. Johnson and Wade D. Johnson submitted the minimum bid of $850.00 for the parcel.

THEREFORE, BE IT RESOLVED, That pursuant to the requirements of and procedures of Minn. Stat. § 373.01, the Chair of the County Board and the County Auditor are authorized to execute a quit claim deed, conveying the above listed property to Dennis L. Johnson and Wade D. Johnson for the minimum bid amount of $850.00, payable to Fund 100, Agency 128014, Object 583100. Buyers are responsible for deed tax and recording fees.

SOLWAY

T.50N-R.16W



LEGEND

- CITY
- INTERSTATE HIGHWAY
- US HIGHWAY
- MINNESOTA HIGHWAY
- COUNTY ROADS
- LOCAL ROADS
- RAILROADS
- STATE TRAILS
- CARRY-IN
- BOAT LAUNCH
- USA
- STATE OF MINNESOTA
- STATE OF MN TAX FORFEIT
- ST. LOUIS COUNTY
- PRIVATE
- SUBDIVISION
- TOWNSHIP
- SECTION
- COUNTY
- MUNICIPALITY
- LAKE
- PIT LAKE
- DRY LAKE BED
- RIVER/STREAM
- VOYAGEURS NATIONAL PARK
- RESERVATION
- NATIONAL FOREST
- STATE FOREST
- STATE PARK
- BOUNDARY WATERS CANOE AREA WILDERNESS

0 0.5 1 MILES

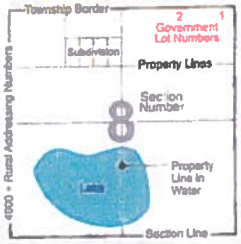
ONE SECTION = ONE MILE (APPROXIMATE)

OWNERSHIP ABBREVIATIONS

ETAL= AND OTHERS
ETUX= AND WIFE
ETVR= AND HUSBAND
PRTN= PARTNERSHIP
TRS= TRUSTEES
TR= TRUST
REV TR= REVOCABLE TRUST
IRREV TR= IRREVOCABLE TRUST

ROAD NAME ABBREVIATIONS

AVE= AVENUE
BLVD= BOULEVARD
CL= CIRCLE
CT= COURT
DR= DRIVE
LP= LOOP
EXP= EXPRESSWAY
HWY= HIGHWAY
LN= LANE
PKWY= PARKWAY
PL= PLACE
RD= ROAD
ST= STREET
TER= TERRACE
TR= TRAIL
WY= WAY



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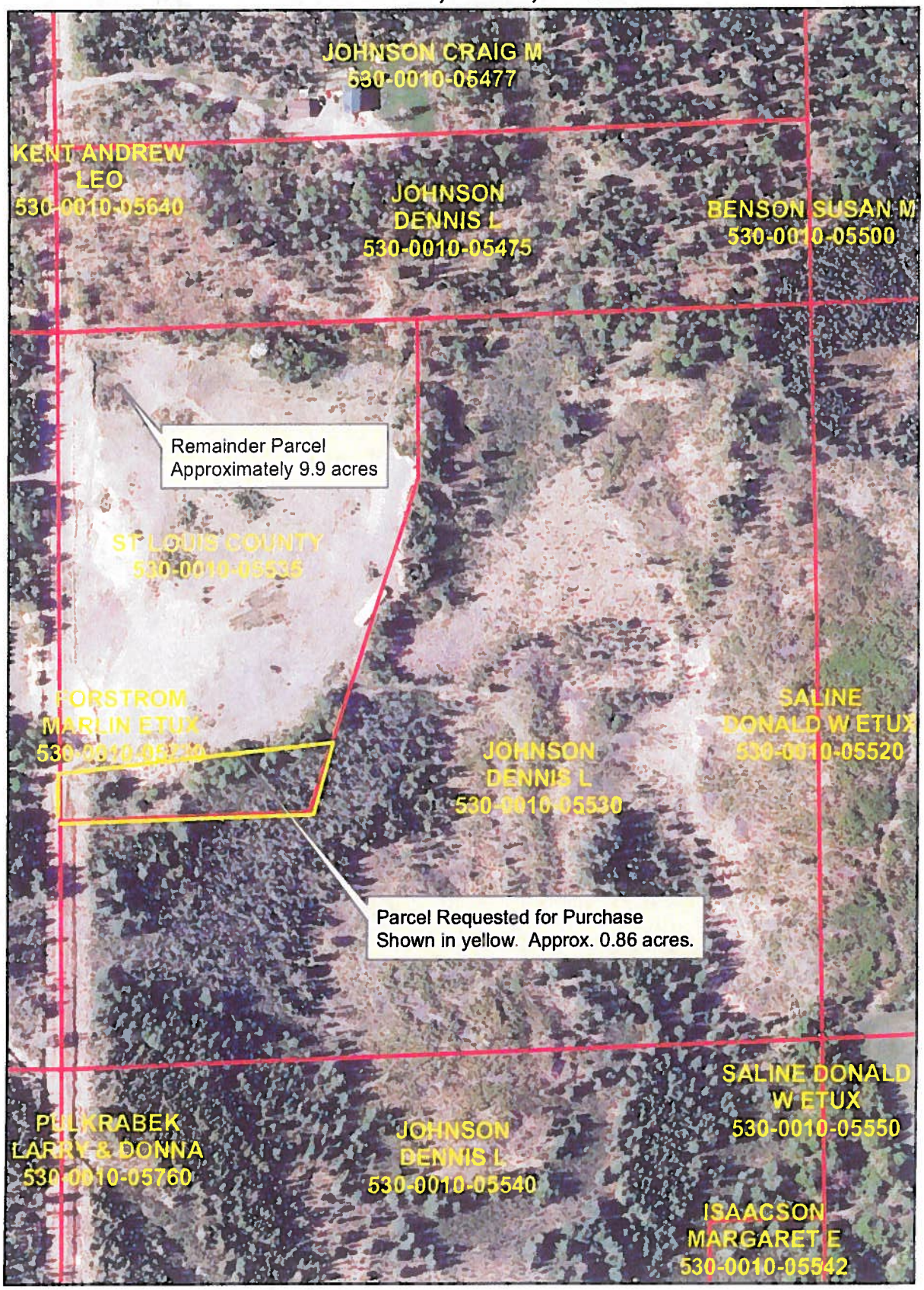
Jackson Road Gravel Pit Partial Sale Request
530-0010-05535
Section 29, T50N, R16W



BOARD LETTER NO. 13 - 476

FINANCE & BUDGET COMMITTEE NO. 1

NOVEMBER 12, 2013 BOARD AGENDA NO. 1

DATE: **November 5, 2013**

RE: **Sale of Chris Jensen Health & Rehabilitation Center to Health Dimensions Group**

FROM: **Kevin Z. Gray**
County Administrator

RELATED DEPARTMENT GOAL:
To ensure that Board directives are followed and are in full compliance with state laws and regulations

ACTION REQUESTED:
The St. Louis County Board is requested to approve the private sale of Chris Jensen Health & Rehabilitation Center to the current lessee, Health Dimensions Group.

BACKGROUND:
In late 2008, St. Louis County and Health Dimensions Group (HDG) started discussing the possibility of working together to solve the financial issues being experienced at Chris Jensen Health & Rehabilitation Center. At that time, financial losses were over $1.2 million per year and were forecasted to be $2 million annually, going forward. Those discussions resulted in HDG entering into a long term lease arrangement of the Chris Jensen facility. This lease had an initial five year term, with three five year renewable terms. The initial five year term of the lease started November 1, 2009, and will end October 31, 2014.

During the 2012 Minnesota Legislative Session, St. Louis County requested authority to conduct a private sale of Chris Jensen to the current lessee, and was granted special legislation to pursue the sale of the property, provided the conveyance is executed by October 31, 2014. After a period of negotiations, the county has received a purchase proposal from Health Dimensions Group, which outlines HDG's history with the facility, its plans for the future, and some of the key terms for purchasing the Chris Jensen facility and surrounding land from the county. (The proposal is attached.)

The letter indicates that HDG currently employs 250+ full time and part time employees, the majority of which have union representation. Since the start of the lease, HDG has invested $575,000 in physical plant capital expenditures, primarily on interior enhancements. During the past two years, HDG has been studying how best to position Chris Jensen for continued long term success. This study has resulted in two key conclusions: the physical plant, primarily decor, needs to be upgraded at a conservative cost estimate of $5 to $6 million, and senior housing should be added to the campus. HDG

has completed market and financial feasibility studies that show a viable opportunity for this expansion of services.

While more modest than originally planned, HDG is contemplating a future project of approximately 40 units of senior housing. Cash equity requirements are expected to be in excess of $3 million. The project would follow any renovations to the main facility and represents a sizeable investment for HDG and would further solidify their commitment to county residents into the long-term future.

Additional capital expenditures are being made by HDG currently. These expenditures are primarily exterior "curb appeal" upgrades, but they need to occur before HDG moves on to a senior housing project. In order to make the investment in needed physical plant upgrades, HDG will need to own the facility.

PURCHASE PROPOSAL:

- HDG proposes to purchase the Chris Jensen facility and surrounding land for $2,300,000. Allocation of purchase price will be determined in the final Asset Purchase Agreement, but for now, HDG assumes $2,000,000 for the building and its contents and $300,000 for the surrounding land (See attached diagram).

- HDG will continue to lease the existing laundry facility, which is located in the Safety & Risk Management building, for up to one year after the sale. Terms of this lease will be the same as the current arrangement.

- HDG will work to close the sale transaction by March 31, 2014 or before.

RECOMMENDATION:

It is recommended that the St. Louis County Board approve the sale of Chris Jensen Health & Rehabilitation Center to the current lessee, Health Dimensions Group, for $2,300,000, and authorize the County Administrator and County Attorney to complete the necessary due diligence required to complete an Asset Purchase Agreement, providing for a close of the sale transaction by March 31, 2014, or sooner.

The attached resolution specifies a suggested distribution of the proceeds of the sale between workers compensation claims and potential facility improvements as follows:

$1,500,000 for future liability associated with the management of historical workers compensation claims. (Fund 730, Agency 999999, Object 311500)

$500,000 for future capital improvements to the remaining and active laundry portion of the Safety and Risk Management building, or other required capital improvements on the site. (Fund 400, Agency 400036, Object 663100)

$300,000 for the Public Safety campus, including the Safety & Risk Management building and both entrance site improvements. (Fund 400, Agency 400003, Object 630900)

Sale of Chris Jensen Health & Rehabilitation Center
to Health Dimensions Group

BY COMMISSIONER _____

WHEREAS, St. Louis County and Health Dimensions Group (HDG) entered into a long term lease arrangement of the Chris Jensen Health & Rehabilitation Center, with an initial five year term, with three five year renewable terms. The initial five year term of the lease started November 1, 2009, and will end October 31, 2014; and

WHEREAS, During the 2012 Minnesota Legislative Session, St. Louis County requested authority to conduct a private sale of Chris Jensen to the current lessee, and was granted special legislation to pursue the sale of the property, provided the conveyance is executed by October 31, 2014; and

WHEREAS, After a period of negotiations, on October 25, 2013, the county received a purchase proposal from Health Dimensions Group outlining HDG's history with the facility, its plans for the future, and some of the key terms for purchasing the Chris Jensen Health & Rehabilitation Center building and its contents, and surrounding land from the county, described as:

Legal Description:

Those parts of the East Half of the Southwest Quarter of the Northwest Quarter and the West Half of the Southeast Quarter of the Northwest Quarter all in Section 16, Township 50 North, Range 14 West of the Fourth Principal Meridian lying westerly of Rice Lake Road, described as follows:

Commencing at the west quarter corner of said Section 16; thence along the south line of said Northwest Quarter on an assigned bearing of North 89 degrees 28 minutes 29 seconds East 663.45 feet to the southwest corner of said East Half of Southwest Quarter of Northwest Quarter, said point being the point of beginning; thence continuing along said south line North 88 degrees 28 minutes 29 seconds East 468.51 feet to a one inch aluminum square tube; thence North 0 degrees 23 minutes 13 seconds West 182.56 feet to a one inch aluminum square tube; thence North 89 degrees 28 minutes 29 seconds East 761.50 feet to the westerly right-of-way of said Rice Lake Road; thence North 20 degrees 01 minutes 27 seconds West along said westerly right-of-way line 1131.68 feet; thence South 71 degrees 35 minutes 04 seconds West 680.47 feet; thence 167.91 feet along a non-tangential curve, concave left, having a radius of 362.20 feet, a central angle of 26 degrees 33 minutes 37 seconds, and a chord bearing of South 52 degrees 11 minutes 48 seconds West; thence 76.24 feet along a non-tangential curve, concave right, having a radius of 92.69 feet, a central angle of 47 degrees 07 minutes 33 seconds, and a chord bearing of South 69 degrees 40 minutes 14 seconds West to the west line of said East Half; thence South 0 degrees 20 minutes 14 seconds West along said west line 914.41 feet to the point of beginning, Containing 1,070,506 square feet of 24.58 acres, more or less.

THEREFORE, BE IT RESOLVED, That the St. Louis County Board approves the sale of Chris Jensen Health & Rehabilitation Center to the current lessee, Health Dimensions Group for $2,300,000, and authorizes the County Administrator and County Attorney to complete the necessary due diligence required to produce an Asset Purchase Agreement, providing for a close of the sale transaction by March 31, 2014, or sooner;

RESOLVED FURTHER, That proceeds from the sale of Chris Jensen Health & Rehabilitation shall be distributed in the following manner:

$1,500,000 for future liability associated with the management of historical workers compensation claims. These include county employee workers compensation benefits, ongoing medical and rehabilitation costs and potential settlement and or litigation related expenses, to be deposited in the Workers' Comp Fund balance to offset the remaining departmental charge, Fund 730, Agency 999999, Object 311500.

$500,000 for future capital improvements to the remaining and active laundry portion of the Safety and Risk Management building, or other required capital improvements there, to be deposited in Fund 400, Agency 400036, Object 663100.

$300,000 for Public Safety campus, including Safety & Risk Management building and both entrance site improvements to be deposited in Fund 400, Agency 400003, Object 630900.

HEALTH DIMENSIONS

Managing. Consulting. Caring.

October 25, 2013

Mr. Kevin Z. Gray
County Administrator
Saint Louis County
100 N. 5th Ave. W. #202
Duluth, MN 55802-1287

Dear Kevin:

Thank you for the working relationship that our organization has developed with Saint Louis County over the past five years. Our working relationship has taken on a "partnership" feel and has resulted in gains for everyone: residents of Saint Louis County, those entrusted to our care, staff in both of our organizations and Health Dimensions Group.

This letter will outline Health Dimensions Group's history, plans for the future, and some of the key terms for our purchasing Chris Jensen Health & Rehabilitation Center from Saint Louis County.

Brief History:

- In late 2008, Saint Louis County and Health Dimensions Group (HDG) started discussing the possibility of working together to solve the financial struggles being experienced at Chris Jensen Health & Rehabilitation Center (CJ). As HDG understands it, under County ownership, the financial losses were $1.2MM+ per year. These financial losses were forecasted to be $2.0MM per year going forward.
- Those discussions resulted in HDG entering into a long term lease of CJ from the County. This lease has an initial five year term, with three five year renewable terms.
- The initial five year term of the lease started November 1, 2009. This initial term will end October 31, 2014.
- HDG employs 250+ full time and part time employees, the majority of which are represented by the labor union. A healthy working relationship exists between management and labor.
- HDG has invested $575,000 in physical plant capital expenditures. These expenditures were primarily interior enhancements.

For the Future:

- During the past two years, HDG has been studying how best to position CJ for long term success. This study has resulted in two key conclusions:
    - The physical plant, primarily décor, needs to be upgraded. While plans and estimates are still being developed, a conservative assumption is that the cost will be $5MM-$6MM.

- Senior housing should be added to the campus. HDG has completed market and financial feasibility studies that show a viable opportunity. Cash equity will need to be raised, which HDG has started exploring. These equity requirements are $3MM+. The size of this project will be more modest than originally planned. We now estimate the size of the housing project to be approximately 40 units of senior housing. The project will be a sizeable investment on our part, and will benefit the Saint Louis County region by being financially and operationally feasible.

- Additional capital expenditures are being made by HDG currently. These expenditures are primarily exterior "curb appeal" upgrades.
- The physical plant upgrades, mentioned above, need to occur before HDG moves on to a senior housing project. In order to make the investment in physical plant upgrades, HDG will need to own the CJ facility.

Purchase Proposal:

- HDG proposes to purchase the CJ facility and surrounding land for $2,300,000. Allocation of purchase price will be determined as we work on an Asset Purchase Agreement. For now, HDG assumes $2,000,000 for the CJ building/contents and $300,000 for surrounding land (See attached diagram).
- HDG will continue to lease the existing laundry facility for up to one year after the sale. Terms of this lease will be the same as our current arrangement (See section 6.8 of our lease).
- HDG will work to accomplish any CJ capital expenditure or senior housing project using primarily union contractors. While it may not be feasible to use union contractors 100% of the time, our past projects and "track record" at CJ have been accomplished with no issues in this area.
- HDG will work to close a transaction by March 31, 2014 and, if possible, before that date.

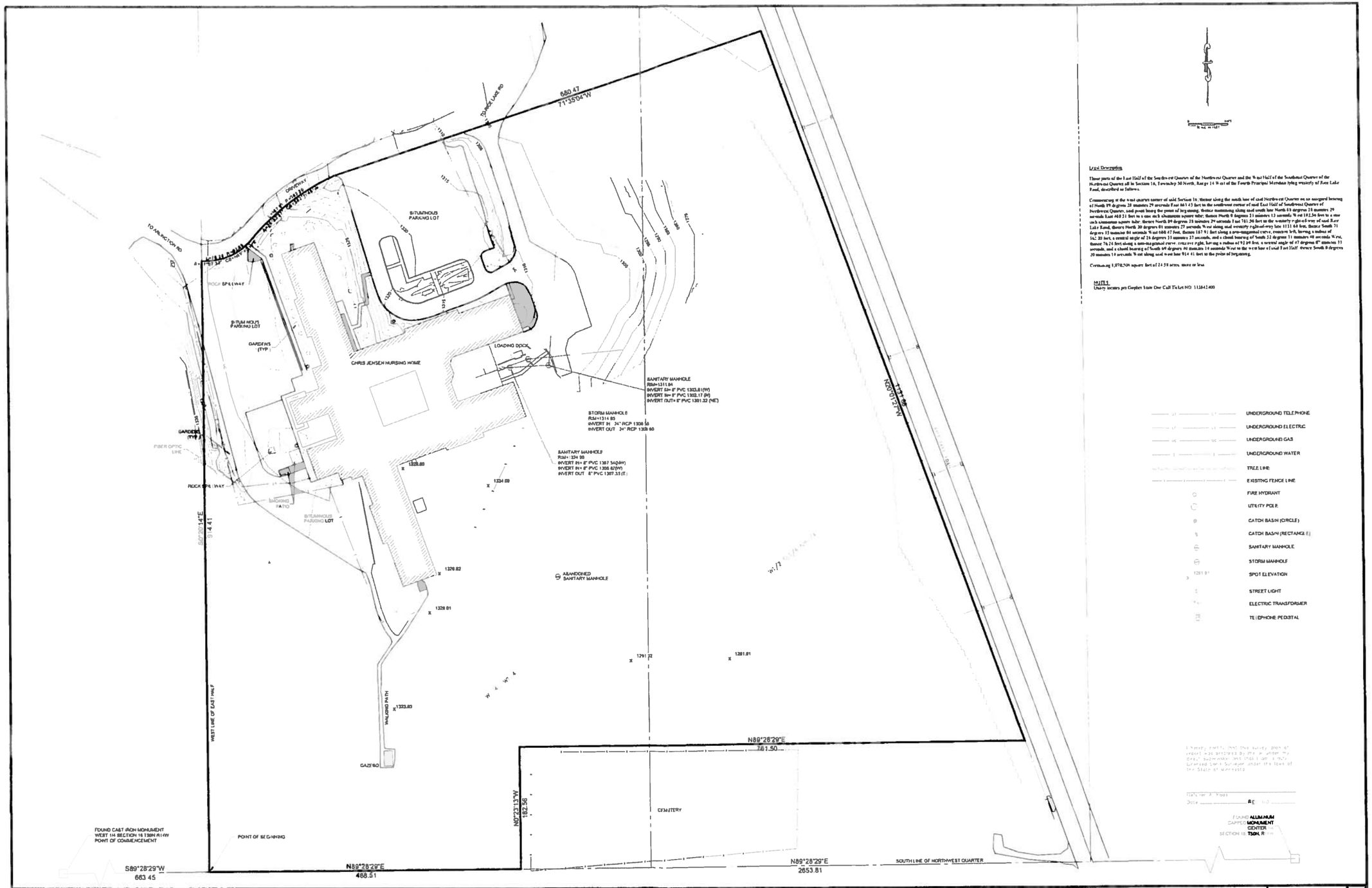
If the terms as outlined under **Purchase Proposal** are acceptable, please indicate by return email. We will then begin preparing a timeline for closing, an Asset Purchase Agreement and work to complete necessary due diligence.

Sincerely,
Health Dimensions Group

David L. Briscoe
Principal

cc: Craig Abbott
Sergei Shvetzoff

Via email



Legal Description

Three parcels of the East Half of the Southwest Quarter of the Northwest Quarter and the West Half of the Southeast Quarter of the Northwest Quarter all in Section 16, Township 50 North, Range 14 West of the Fourth Principal Meridian lying westerly of Rice Lake Road, described as follows.

Commencing at the west quarter corner of said Section 16; thence along the south line of said Northwest Quarter on an assigned bearing of North 89 degrees 28 minutes 29 seconds East 683.45 feet to the southwest corner of said East Half of Southwest Quarter of Northwest Quarter, said point being the point of beginning; thence continuing along said south line North 89 degrees 28 minutes 29 seconds East 488.51 feet to a one inch aluminum square tube; thence North 0 degrees 23 minutes 13 seconds West 182.56 feet to a one inch aluminum square tube; thence North 89 degrees 28 minutes 29 seconds East 761.50 feet on the westerly right-of-way of said Rice Lake Road; thence North 00 degrees 01 minutes 27 seconds West along said westerly right-of-way line 1111.63 feet; thence South 71 degrees 35 minutes 04 seconds West 680.47 feet; thence 187.91 feet along a non-tangential curve, concave left, having a radius of 162.20 feet, a central angle of 26 degrees 33 minutes 37 seconds, and a chord bearing of South 32 degrees 31 minutes 40 seconds West; thence 76.24 feet along a non-tangential curve, concave right, having a radius of 92.69 feet, a central angle of 47 degrees 07 minutes 31 seconds, and a chord bearing of South 69 degrees 06 minutes 16 seconds West to the west line of said East Half; thence South 0 degrees 20 minutes 14 seconds West along said west line 914.41 feet to the point of beginning.

Containing 1,978,506 square feet of 24.58 acres, more or less

NOTE:
Utility locates per Gopher State One Call Ticket NO. 112842400

UNDERGROUND TELEPHONE
UNDERGROUND ELECTRIC
UNDERGROUND GAS
UNDERGROUND WATER
TREE LINE
EXISTING FENCE LINE
FIRE HYDRANT
UTILITY POLE
CATCH BASIN (CIRCLE)
CATCH BASIN (RECTANGLE)
SANITARY MANHOLE
STORM MANHOLE
SPOT ELEVATION
STREET LIGHT
ELECTRIC TRANSFORMER
TELEPHONE PEDESTAL

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Matthew J. Pogatchnik
Date _____ Reg. No. _____

AYRES

CHRIS JENSEN NURSING HOME
ST. LOUIS COUNTY

Board of Water and Soil Resources NE MN Wetland Mitigation Report and Meeting Date

BY COMMISSIONER _____

WHEREAS, The St. Louis County Board has recently been made aware that the State Board of Water and Soil Resources (BWSR) has scheduled a meeting on NE MN Wetland Mitigation for Wednesday, November 20, 2013; and

WHEREAS, This meeting's sole focus is to be on NE MN Wetland Mitigation issues, yet it is scheduled to be held in St. Paul, rather than in NE MN; and

WHEREAS, BWSR has completed a report that provides additional analysis and recommendations regarding NE MN Wetland Mitigation issues, and is formally asking for feedback on this report at the November 20 meeting, however, BWSR has not shared a copy of the report with stakeholders from NE MN; and

WHEREAS, The St. Louis County Board is very interested in receiving and reading the BWSR NE MN Wetland Mitigation report prior to the upcoming BWSR meeting and wants other stakeholders from our region to be afforded the same opportunity;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board requests that the State Board of Water and Soil Resources immediately supply its completed report and recommendations concerning NE MN Wetland Mitigation to the County Board and all other NE MN stakeholders, so sufficient feedback on the report that can occur at the November 20, 2013 meeting;

RESOLVED FURTHER, That the St. Louis County Board requests that the State Board of Water and Soil Resources NE MN Wetland Mitigation meeting, scheduled for St. Paul, be relocated to a more convenient location- anywhere in the seven counties of NE MN- and, that the majority of all future BWSR meetings concerning NE MN Wetland Mitigation also be held within this region, where the impacted wetlands exist and the most impacted citizens live.

BOARD LETTER NO. 13 - 488

FINANCE & BUDGET COMMITTEE

NOVEMBER 12, 2013 BOARD AGENDA 2:00 P.M.
BOND SALE

DATE: **November 12, 2013**

RE: **NERCC Renovation and Improvement Project**

FROM: **Kevin Z. Gray**
County Administrator

Donald Dicklich
County Auditor-Treasurer

RELATED DEPARTMENTAL GOAL:
To provide effective, efficient government.

ACTION REQUESTED:
The St. Louis County Board is requested to adopt a resolution approving and funding the Northeast Regional Corrections Center (NERCC) Renovation and Improvement Project (the Project) and amending the 1993 *Agreement Establishing Participation in Arrowhead Regional Corrections Under the Community Correction Act* to permit proportional funding from the counties for the project based on NERCC five year average usage.

BACKGROUND:
Arrowhead Regional Corrections, a joint powers authority between St. Louis County and Carlton, Cook, Lake and Koochiching Counties, operates NERCC. NERCC was built in the 1930's and currently includes a 150 bed minimum security male facility and a 3,200 acre farm. The NERCC facility has significant deferred maintenance, life safety and code issues and loss of functionality.

In the last ten years, Carlton and St. Louis County have experienced significant county jail overcrowding. Due to the overcrowding, county inmates have been transported and secured in other jails at considerable cost to the counties.

The Project is designed to address life safety and code issues and maximize functionality of the NERCC main building by adding medium security, special management, intake, visiting and gathering and multi-use activity areas. With these improvements, the facility could accommodate a greater population of pretrial and post-conviction inmates from county jails.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the Project and authorize an amendment to the 1993 *Agreement Establishing Participation in Arrowhead Regional Corrections Under the Community Correction Act* amending the agreement to permit county contribution proportionate to use of NERCC.

NERCC Renovation and Improvement Project

BY COMMISSIONER _____

WHEREAS, Arrowhead Regional Corrections has submitted a project plan to the State of Minnesota Department of Corrections to rehabilitate, renovate and remodel the Northeast Regional Corrections Center Dormitory/Administration Main Building to include new intake, special management, and medium security areas, as well as plumbing, heating, ventilation, fire protection, communication, surveillance, lighting, security, insulation and window improvements that will address life safety and code issues and any remaining funds would be used to renovate other NERCC facilities; and

WHEREAS, These improvements are also designed to address jail crowding issues in Carlton and St. Louis Counties and to provide greater functionality for programming and inmate management; and

WHEREAS, The Arrowhead Regional Corrections Board has received a guaranteed maximum price for the construction of this project and approved the amount of $6,000,000 for the design, construction and equipping of this project; and

WHEREAS, The 1993 *Joint Powers Agreement Establishing Participation in Arrowhead Regional Corrections Under the Community Correction Act* directs that funding for facilities construction, maintenance and renovation shall be assessed pursuant to county population statistics based upon federal census data; and

WHEREAS, For this project only all of the member counties have determined that the proportionate share to be paid by the participating counties shall be based upon the five year average NERCC days, as follows:

St. Louis County	87.55%	$5,253,000.00
Carlton County	8.20%	$ 492,000.00
Lake County	2.20%	$ 132,000.00
Cook County	1.36%	$ 81,600.00
Koochiching County	0.69%	$ 41,400.00
Total		$6,000,000.00

WHEREAS, Arrowhead Regional Corrections has established the Arrowhead Regional Corrections Capital Project Fund and the 2014 NERCC Capital Project Account within such fund to be administered by the St. Louis County Auditor;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board hereby approves the project, as defined by the Arrowhead Regional Corrections Board, as a renovation of the NERCC Main Building to address life safety and code issues, maximize space utilization and functionality including adding a medium security area with any remaining funds dedicated to NERCC improvements; approves the total budget of $6,000,000 for design, construction and equipping of the project, and approves its proportionate share as set forth in this resolution.

RESOLVED FURTHER, That the St. Louis County Board authorizes an amendment to the 1993 *Agreement Establishing Participation in Arrowhead Regional Corrections Under the Community Correction Act* amending the agreement to permit, in this project alone, the proportionate share for each county as set forth in this document;

RESOLVED FURTHER, That the St. Louis County Board authorizes payment to the St. Louis County Auditor, as fiscal agent, for deposit in the Arrowhead Regional Corrections Capital Project Fund and the 2014 NERCC Capital Project Account within such fund its proportionate share as set forth in the document on or about January 6, 2014 or as soon thereafter as bond proceeds are available.

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. LOUIS COUNTY, MINNESOTA PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF $5,470,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS, SERIES 2014A; ESTABLISHING THE TERMS AND FORM THEREOF; CREATING A DEBT SERVICE FUND THEREFOR; AND AWARDING THE SALE THEREOF

BE IT RESOLVED, by the Board of Commissioners (the "Board") of St. Louis County, Minnesota (the "County"), as follows:

Section 1. Purpose and Authorization.

1.01 Under and pursuant to the authority contained in Minnesota Statutes, Section 373.40, and Minnesota Statutes, Chapter 475 (collectively the "Act"), the County is authorized to issue capital improvement bonds to provide funds for capital improvements pursuant to an approved capital improvement plan.

1.02 Pursuant to Resolution No. 13-543 adopted by the Board on August 13, 2013, the Board proposed a further amendment to the County's Capital Improvement Plan, stated that it was considering issuing capital improvement bonds to finance capital improvements under the Capital Improvement Plan, as amended, and called for a public hearing to be held on October 1, 2013, regarding the plan amendment and the issuance of capital improvement bonds.

1.03 Following published notice and a public hearing according to the Act, the Board, pursuant to Resolution No. 13-612 adopted on October 1, 2013, approved the Capital Improvement Plan, as further amended for the years 2013 through 2017 (the "Plan"), as presented to the Board and on file as County Board Document File No. 59708, and stated its intention to issue general obligation capital improvement bonds in the maximum amount of $6,500,000 for the purpose of providing funds for the following capital improvements under the Plan and for the payment of costs of issuance of such bonds:

- Correctional Facility Improvements – improvements to the Northeast Regional Correction Center, including improvements and upgrades to the main facility (the "Project").

1.04 No petition requesting a vote on the issuance of the bonds authorized pursuant to Resolution No. 13-612 has been filed with the County Auditor in accordance with the Act.

1.05 The Board has determined that it is necessary and expedient to issue its $5,470,000 General Obligation Capital Improvement Bonds, Series 2014A, of the County (the "Bonds") to provide funds to finance the Project and the costs of issuance of the Bonds. The maximum amount of principal and interest to become due in any year on the Bonds and all the outstanding bonds issued pursuant to Section 373.40 of the Act will not equal or exceed 0.12 percent of the estimated market value of property in the County.

1.06 The County has solicited proposals for the sale of the Bonds and has received and considered all proposals presented pursuant to the Terms of Proposal, as modified, and has determined that the most favorable proposal is that of _____ of _____, _____ (the "Purchaser"), to purchase the Bonds at a cash price of $_____, and upon condition that the Bonds mature and bear interest at the times and annual rates set forth in Section 2. The County, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The Chair and the County Auditor are authorized and directed to execute on the part of the County a

contract for the sale of the Bonds in accordance with the Purchaser's proposal. All actions of the Chair, the County Auditor, the Administrator and Springsted Incorporated, independent financial advisor to the County, taken with regard to the sale of the Bonds are hereby ratified and approved.

Section 2. Terms, Execution, and Delivery of the Bonds.

2.01 A. The Bonds to be issued hereunder shall be dated the date of issuance of the Bonds, as the date of original issue, shall be issued in the denomination of $5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall mature on December 1 in the respective years and amounts stated and shall bear interest at the annual rates as follows:

Year	Amount	Interest Rate
2015	$320,000	%
2016	$320,000	%
2017	$325,000	%
2018	$330,000	%
2019	$335,000	%
2020	$340,000	%
2021	$350,000	%
2022	$355,000	%
2023	$365,000	%
2024	$375,000	%
2025	$385,000	%
2026	$395,000	%
2027	$410,000	%
2028	$425,000	%
2029	$440,000	%

B. The Bonds maturing on December 1 in the year 20__ shall be subject to mandatory redemption prior to maturity pursuant to the requirements of this Section 2.01B at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Bond Registrar, as designated below, shall select for redemption, by lot or other manner deemed fair, on December 1 in each of the following years the following stated principal amounts:

For Bonds maturing on December 1, 20__ (the "20__ Term Bonds"):

YEAR	AMOUNT
20__	$
20__	$

* Final Maturity

2.02 The Bonds maturing in the years 2015 through 2022 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2023 and in subsequent years shall each be subject to redemption and prepayment at the option of the County on December 1, 2022, and on any day thereafter, in whole or in part, and if in part, at the option of the County and in such manner as the County shall determine. If less than all the Bonds of a maturity are called for redemption, the County, through the Bond Registrar, will notify The Depository Trust

Company, New York, New York ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. All payments shall be at a price equal to the principal amount thereof plus accrued interest. No more than 60 days and no fewer than 30 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed, at the address shown on the registration books of the County.

2.03 The interest shall be payable semiannually on June 1 and December 1 in each year (each referred to herein as an "Interest Payment Date"), commencing June 1, 2014. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of the business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 A. The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the facsimile or manual signature of the Chair and attested by the manual or facsimile signature of the County Auditor. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

B. The County Auditor is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete except as to dating thereof and cause the opinion to be printed on or attached to each Bond.

2.05 A. The Board hereby appoints the County Auditor, as registrar, paying agent and transfer agent for the Bonds (the "Bond Registrar"). The County reserves the right to name a substitute, successor Bond Registrar upon giving prompt written notice to each registered bond holder. The manual signature of the County Auditor on the Bonds shall be conclusive evidence that it has been executed and delivered under this Resolution.

B. The County shall cause to be kept by the Bond Registrar at its principal office, a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the County shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the Board.

2.06 <u>Book-Entry System</u>.

A. In order to make the Bonds eligible for the services provided by DTC, the County has previously agreed to the applicable provisions set forth in the Blanket Issuer Letter of Representations which has been executed by the County and DTC (the "Representation Letter").

B. Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern.

C. All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by

wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the County on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter.

D. DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the County shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the execution or the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the County and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever.

E. The County and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

(i) with respect to notices of redemption; and

(ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter.

F. All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The principal of and interest on the Bonds shall be payable by the Bond Registrar in such funds as are legal tender for the payment of debts due the United States of America. The County shall

pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.08 If a Bond becomes mutilated or is destroyed, stolen, or lost, the Bond Registrar will deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost, upon the payment of the reasonable expenses and charges of the Bond Registrar and the County in connection therewith, including the cost of printing new Bonds; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Bond Registrar and the County of evidence satisfactory to it and the County that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it and the County and as provided by law, in which both the County and the Bond Registrar must be named as obligees. Bonds so surrendered to the Bond Registrar will be canceled by the Bond Registrar and evidence of such cancellation must be given to the County. If the mutilated, destroyed, stolen, or lost Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Bond prior to payment.

2.09 Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the County and the Purchaser. Executed Bonds shall be furnished by the County without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the County Auditor to the Purchaser thereof upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

3.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA

ST. LOUIS COUNTY

GENERAL OBLIGATION CAPITAL IMPROVEMENT BOND,
SERIES 2014A

R-_ $_____

Rate	Maturity	Date of Original Issue	CUSIP
_____%	December 1, 20__	January 6, 2014	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

St. Louis County, Minnesota (the "County"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from

the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the rate per annum specified above. Interest is payable semiannually on June 1 and December 1 of each year (each referred to herein as an "Interest Payment Date") commencing on June 1, 2014. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of the County Auditor, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor registrar as may be designated by the Board of Commissioners. The Bond Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the County by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the County are irrevocably pledged.

This Bond is one of a series issued by the County in the aggregate amount of $5,470,000, all of like date and tenor, except as to number, amount, maturity date and interest rate, pursuant to the authority contained in Minnesota Statutes, Section 373.40 and Minnesota Statutes, Chapter 475, amendments to the County's Capital Improvement Plan approved by the governing board of the County on October 1, 2013 (the "Plan") and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the County on November 12, 2013 (the "Resolution"). This Bond is issued for the purpose of providing funds to finance correctional facility improvements to the Northeast Regional Correction Center as more fully set forth in the Plan. The County has levied a direct, annual ad valorem tax upon all taxable property within the County which shall be extended upon the tax rolls for the years and in the amounts sufficient to produce sums not less than five percent in excess of the amounts of principal and interest on the Bonds, as such principal and interest respectively come due.

The Bonds maturing in the year 20__ shall be subject to mandatory redemption and redeemed in installments as provided in the Resolution, at par plus accrued interest to the date of redemption.

The Bonds have been designated by the County as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds of this series maturing in the years 2015 through 2022 are not subject to optional redemption before maturity, but those maturing, or subject to mandatory redemption, in the year 2023 and in subsequent years are each subject to redemption and prepayment at the option of the County on December 1, 2022, and on any day thereafter, in whole or in part, and if in part at the option of the County and in such manner as the County shall determine and by lot as to Bonds maturing in the same year, at a price of par plus accrued interest. Not less than 30 days nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; however, so long as the Bonds are

registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the County and DTC. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the County shall deliver or cause to be delivered to the registered owner of such Bond, a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

The Bonds of this series are issued as fully registered obligations without coupons, in the denomination of $5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, the County will, at the request of the registered owner, issue one or more new fully registered Bonds in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number and principal amount. This Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the County shall execute and the Bond Registrar shall authenticate if required by law or the Resolution, and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of this Bond, of the same maturity, and bearing interest at the same rate. No service charge shall be made for any transfer or exchange hereinbefore referred to but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

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

IN WITNESS WHEREOF, St. Louis County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the manual or facsimile signatures of the Chair and the County Auditor.

Date of Execution: _____

ATTEST:

(form-no signature required)	*(form-no signature required)*
County Auditor	Chair

Certificate as to Legal Opinion

I certify that the above is a full, true and correct copy of the legal opinion rendered by Bond Counsel on the issuance of the Bonds, dated as of the date of delivery of and payment for the Bonds.

(form-no signature required)
County Auditor

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by the County Auditor of St. Louis County, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the County Auditor in the name of the registered owner last noted below.

Date	Registered Owner	Signature of County Auditor
__/__/14	Cede and Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No. 13-2555119	*(form-no signature required)*

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____
_____
(Name and Address of Assignee)

_____ Social Security or Other

_____ Identifying Number of Assignee

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

Dated: _____

_____

_____

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

Signature Guaranteed:

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Covenants, Accounts and Representations.

4.01 The full faith and credit and taxing power of the County are irrevocably pledged for the prompt and full payment of the Bonds and the interest thereon, in accordance with the terms set forth in this Resolution.

4.02 On receipt of the purchase price of the Bonds, the County shall credit $_____ of the proceeds from the sale of the Bonds to a separate construction account, which is hereby created and designated as the "Series 2014A Capital Improvement Bonds Construction Account" in the Capital Projects Fund (the "Construction Fund"). $5,253,000 of such proceeds shall be transferred to the Arrowhead Regional Corrections Board, a joint powers board, which owns and operates the Northeast Regional Correction Center, for deposit into the St. Louis County Bond Proceeds Sub-Account within the 2014 NERCC Capital Project Fund of the Arrowhead Regional Corrections Capital Project Fund. Such proceeds and investment income thereon shall be used solely for costs of the Project. The balance of the funds in the Construction Fund ($_____) shall be used for costs of issuance of the Bonds.

4.03 A separate debt service fund is hereby created and is designated as the "General Obligation Capital Improvement Bonds, Series 2014A Debt Service Fund" (the "Debt Service Fund"). $_____ of the proceeds from the sale of the Bonds shall be credited to the Debt Service Fund as capitalized interest for interest payments on the Bonds through December 1, 2014 ($_____) and as the rounding amount ($_____). The money in the Debt Service Fund shall be used for no purpose other than the payment of principal of and interest on the Bonds issued hereunder, as such principal and interest becomes due and payable.

4.04 A. To assure sufficient monies for the payment of the principal of and interest on the Bonds, there is hereby levied a direct, annual, ad valorem tax upon all taxable property in the County

which shall be extended upon the tax rolls and collected with and as part of the other general property taxes in the County for the years and in the amounts as follows:

Levy Year	Collection Year	Tax Levy
2014	2015	$
2015	2016	$
2016	2017	$
2017	2018	$
2018	2019	$
2019	2020	$
2020	2021	$
2021	2022	$
2022	2023	$
2023	2024	$
2024	2025	$
2025	2026	$
2026	2027	$
2027	2028	$
2028	2029	$

B. The tax levies are such that if collected in full they, together with the capitalized interest, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. Such tax receipts shall be deposited in the Debt Service Fund. If the tax receipts from such levies are ever insufficient to pay all principal and interest on the Bonds when due, the County Auditor shall, nevertheless, provide sufficient monies from other funds of the County which are available and such other funds shall be reimbursed from such tax collections when received.

C. Such tax levies shall be irrevocable as long as any of the Bonds issued hereunder are outstanding and unpaid; provided, however, that prior to November 30 of each year, while any Bonds issued hereunder remain outstanding, the Board may reduce or cancel the above levies to the extent of the amount on deposit in and which has been appropriated to the Debt Service Fund to pay the principal of and interest on the Bonds, and may direct the County Auditor to reduce the levy for such year by that amount.

4.05 Monies on deposit in the Construction Fund and in the Debt Service Fund may, at the discretion of the County, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments shall mature at such times and in such amounts as will permit for payment of the principal and interest on the Bonds when due.

Section 5. Tax Covenants.

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

5.02 A. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or $100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other County account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods of minor portion made available under the federal arbitrage regulations.

B. In addition, the proceeds of the Bonds and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof it and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue code of 1986, as amended (the "Code").

C. The County hereby covenants not to use the proceeds of the Bonds, or to cause or permit them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

5.03 Twenty-four Month Spending Exemption to Rebate. Pursuant to Section 148(f)(4)(C) of the Code, relating to exception from rebate for certain proceeds of the Bonds to be used to finance construction expenditures, including payment of interest on the Bonds (the "available construction proceeds"), the County reasonably expects that the proceeds of the Bonds and investment earnings thereon will be allocated to Project costs allocable to the Bonds:

A. at least 75% of the available construction proceeds are to be used for construction expenditures with respect to property which is to be owned by the County;

B. that with respect to the available construction proceeds, the following spending requirements are expected to be met:

(i) 10% of the available construction proceeds will be spent for the governmental purpose of the Bonds within six months of the date hereof;

(ii) 45% of the available construction proceeds will be spent for such purposes within one year of the date hereof;

(iii) 75% of the available construction proceeds will be spent for such purposes within 18 months of the date hereof; and

(iv) 100% of the available construction proceeds will be spent for such purposes within two years of the date hereof;

subject to an exception for reasonable retainage of 5% of the available construction proceeds; and that 100% of the available construction proceeds will be spent within three years from the date of closing and delivery thereof.

In the event proceeds of the Bonds are not so spent, the County covenants to compute and cause the payment to the United States of all amounts required under the rebate requirement of Code Section 148(f), the regulations issued thereunder with regard to the Bonds. To this end, the County agrees to:

(1) maintain records identifying all "gross proceeds" as defined in Code Section 148(f)(6)(B) attributable to the Bonds, the yield at which such gross proceeds are invested, any arbitrage profit derived therefrom (earnings in excess of the yield on the Bonds) and any earnings derived from the investment of such arbitrage profit;

(2) make, or cause to be made within 30 days after the close of each fifth bond year, the annual determination of the amount, if any, of excess arbitrage required to be paid to the United States by the County (the "Rebate Amount");

(3) pay, or cause to be paid, to the United States at least once every five bond years the Rebate Amount, if any, including the last installment which must be made no later than 60 days after the day on which the Bonds are paid in full;

(4) retain all records of the annual determination of the foregoing amounts until six years after the Bonds have been fully paid.

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

A. the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

B. the County hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

C. the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will by issued by the County (and all entities whose obligations will be aggregated with those of the County) during the calendar year in which the Bonds are being issued will not exceed $10,000,000; and

D. not more than $10,000,000 of obligations issued by the County during the calendar year in which the Bonds were issued have been designated for purposes of Section 265(b)(3) of the Code.

5.05 The County shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this section.

Section 6. Miscellaneous.

6.01 The County Auditor is directed to file a certified copy of this Resolution and such other information as may be required, and to provide to bond counsel a certificate stating that the Bonds herein authorized have been duly entered on his register.

6.02 The officers of the County are authorized and directed to prepare and furnish to the Purchaser and to bond counsel, certified copies of all proceedings and records of the County relating to the legality and marketability of the Bonds, as such facts appear from the official books and records in the

officers' custody or are otherwise known to them. All such certified copies, Bonds, and affidavits, including any heretofore furnished, constitute representations of the County as to the correctness of the facts recited therein and the action stated therein to have been taken.

6.03 The Chair and the County Auditor are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

6.04 In the event of the absence or disability of the Chair or the County Auditor, such officers as in the opinion of the County Attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Bonds, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 7. Continuing Disclosure. The County acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the Chair and the County Auditor are hereby authorized and directed to execute a Continuing Disclosure Certificate substantially in the form of the Certificate currently on file in the office of the County Auditor.

Section 8. Post-Issuance Compliance Policy and Procedures. The Board has previously approved a Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance Procedures which applies to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the "Policy and Procedures"). The Board hereby approves the Policy and Procedures for the Bonds. The County Auditor continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

Adopted: November 12, 2013.

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