

Commissioner Nelson introduced the following resolution and moved its adoption:

**RESOLUTION NO. 2005-35**

**RESOLUTION GIVING PRELIMINARY APPROVAL TO A PROJECT UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.165 REFERRING THE PROPOSAL TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT FOR APPROVAL, AND AUTHORIZING PREPARATION OF NECESSARY DOCUMENTS**

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

Section 1. General Recitals.

- a. The Issuer wishes to engage in the active promotion, attraction, encouragement and development of economically sound industry and commerce through governmental action to prevent, so far as possible, the emergence of blighted and marginal lands and areas of chronic unemployment.
- b. Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land uses which will provide access to employment opportunities for such population.

Section 2. Description of the Project. Productive Alternatives, Inc. (the "Corporation") located at 1205 North Tower Road in Fergus Falls, Minnesota, and represented to be a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") has proposed issuance of revenue obligations, in one or more series, in an amount not to exceed \$900,000 (the "Note"), to undertake and finance the following project located in Fergus Falls, Minnesota (the "City"): refinance commercial indebtedness incurred by the Corporation for constructing and equipping Willows, 1011 North Tower Road, Fergus Falls, Minnesota, an approximately 5,580 square foot program facility for persons with developmental disabilities and finance construction and equipping of an approximate 3,200 square foot facility located at 1017 North Tower Road, Fergus Falls, Minnesota, to be used to provide detoxification and other chemical dependency services (the "Project").

Section 3. Recitals Relating to the Joint Exercise of Powers.

- a. The Issuer and the City are each authorized and empowered to issue revenue bonds or a revenue note to undertake and finance all or any part of the costs of a project consisting of the acquisition and betterment of revenue-producing facilities of organizations described in Section 501(c)(3) of the Code and to refund bonds previously issued under the Act.
- b. The Act does not allow the Issuer to issue revenue obligations to finance the project unless the City consents to such financing.
- c. The Corporation has requested that the Issuer and the City cooperate through a joint powers agreement to finance the Project through the issuance of the Note by the Issuer with the consent of the City.
- d. A draft copy of the Joint Powers Agreement between the Issuer and the City (the "Joint Powers Agreement") has been submitted to the Board and is on file in the office of the Clerk.

Section 4. Recital of Representations Made by the Corporation.

- a. The Corporation has represented that it will own and operate the Project.
- b. The Issuer has been advised by representatives of the Corporation that: (i) conventional financing to pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced; (ii) on the basis of information submitted to the Corporation and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Note could be issued and sold upon favorable rates and terms to finance and refinance the Project; (iii) the Corporation will experience a significant debt service cost savings through the portion of the Project which consists of debt refinancing; and (iv) the Project would not be undertaken in its present form but for the availability of financing under the Act.
- c. The Corporation has agreed to pay any and all costs incurred by the Issuer and the City in connection with the issuance of the Note, whether or not such issuance is carried to completion.
- d. The Corporation has represented to the Issuer that no public official of the Issuer has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

Section 5. Public Hearing.

- a. An initial resolution was adopted by the Board on May 17, 2005, scheduling a public hearing on the issuance of the Note and the proposal to undertake and finance the Project.
- b. A Notice of Public Hearing was published in the *Fergus Falls Daily Journal*, the Issuer's official newspaper, calling a public hearing on the proposed issuance of the Note and the proposal to undertake and finance the Project.
- c. The Issuer has, on June 7, 2005, held a public hearing on the issuance of the Note and the proposal to undertake and finance the Project, at which all those appearing who desired to speak were heard and written comments were accepted.

Section 6. Findings. It is hereby found, determined, and declared as follows:

- a. The welfare of the State and the Issuer requires the provision of necessary facilities for the developmentally disabled and chemically dependent so that such services are available to developmentally disabled and chemically dependent residents of the State and the Issuer at reasonable cost.
- b. The Issuer desires to facilitate the selective development of the community and help to provide the range of services and employment opportunities required by the population. The Project will assist the Issuer in achieving those objectives; help to stabilize market valuation of the Issuer; help maintain a positive relationship between assessed valuation and debt; and enhance the image and reputation of the community.
- c. On the basis of information made available to this Board by the Corporation it appears, and this Board hereby finds, that: (1) the Project constitutes properties, real and personal, used or useful in connection with a revenue producing enterprise; (2) the Project furthers the purposes stated in Section 1 of this Resolution; (3) the Project would not be undertaken but for the availability of financing under the Act and the willingness of the Issuer to furnish such financing; and (4) the effect of the Project, if undertaken, will be to: (i) encourage the development of economically sound industry and commerce, (ii) assist in the prevention of the emergence of blighted and marginal land, (iii) help prevent chronic unemployment, (iv) provide the range of service and employment opportunities required by the population, (v) help prevent the movement of talented and educated persons out of the State and to areas within the State where their services may not be as effectively used, (vi) promote more intensive development and appropriate use of land within the Issuer, eventually to increase the tax base of the community, and (vii) provide

adequate services to developmentally disabled and chemically dependent residents of the Issuer at a reasonable cost.

- d. The Issuer acknowledges, finds, determines and declares that the provision of necessary services and facilities for the developmentally disabled and chemically dependent so that such services are available to developmentally disabled and chemically dependent residents of the State at a reasonable cost is a public purpose.

Section 7. Approval.

- a. The Project and the Note are hereby given preliminary approval by the Issuer.
- b. The Chair or the Clerk, or their designee, is authorized and directed to submit the proposal for the Project to the Department of Employment and Economic Development of the State ("DEED") requesting approval, and other officers, employees and agents of the Issuer are hereby authorized to provide DEED with such information as it may require.

Section 8. Limited Obligation. The Note, when and if issued for the Project, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer or the City. (There will, however, be a charge, lien or encumbrance on the Project, which is not an asset of the Issuer or the City.) The Note, when and if issued, shall recite in substance that the Note and the interest thereon, are payable solely from revenues received from the Project and property pledged for payment thereof, and shall not constitute a debt of the Issuer or the City.

Section 9. Approval and Execution of Joint Powers Agreement.

- a. The Joint Powers Agreement is hereby made a part of this Resolution as though fully set forth herein and is hereby approved in substantially the form presented to the Issuer Board. The Chair and the Clerk are authorized and directed to execute, acknowledge, and/or deliver the Joint Powers Agreement on behalf of the Issuer with such changes, insertions, and omissions therein as the Issuer's Attorney may hereafter deem appropriate, such execution to be conclusive evidence of approval of such document in accordance with the terms hereof.
- b. The Chair and Clerk are authorized and directed to execute and deliver such other documents or certificates needed from the Issuer for the sale of the Note.

Adopted June 7, 2005.

---

Chair

ATTEST:

---

Clerk

The motion of the adoption of the foregoing Resolution was duly seconded by Commissioner Mosher and, upon vote being taken, the following voted in favor thereof:

Commissioner Block  
Commissioner Froemming  
Commissioner Lee  
Commissioner Mosher  
Commissioner Nelson

the following voted against the same: None

the following were absent: None

whereupon, said Resolution was declared duly passed and adopted, and approved and signed by the Chair and attested by the Clerk.

*M:\docs\14347\000001\ROL\HC0281.WPD*