

# Notice & Agenda

## Swift County Board of Commissioners

**AMENDED**

Tuesday, April 7, 2020

9:00 AM

LEC Meeting Room – 301 14<sup>th</sup> St N, Benson, MN

If you need any type of accommodation to participate in this meeting, please contact the County Administrator at 320-314-8399 at least 48 hours prior to the meeting.

<u>Time</u>	<u>Reference</u>	<u>Item</u>
9:00 a.m.		<b>Call to Order and Roll Call</b>
9:01 a.m.		<b>Approve Agenda</b>
9:02 a.m.		<b>Consent Agenda</b>
	1-2	(1) Minutes from March 17, 2020 Regular Meeting
	3	(2) Minutes from March 20, 2020 Emergency Meeting
	4	(3) Minutes from March 24, 2020 Special Meeting
	5	(4) Minutes from March 30, 2020 Special Meeting
	6-10	(5) Consider approval of Environmental Services' 2019 County Feedlot Officer Annual Report
	11-33	(6) Consider approval of Chippewa River Watershed Association Joint Powers Agreement
9:04 a.m.		<b>Consider Approval of Commissioner warrants and review Auditor warrants</b>
9:05 a.m.		<b>Commissioner and Board reports</b>
9:25 a.m.		<b>County Administrator report</b>
9:30 a.m.		<b>Citizens Comments</b>
9:35 a.m.	34-42	<b>Jennifer Frost, RDA Director</b> Grow building update
9:50 a.m.		<b>Andy Sander, Highway Engineer</b>
	43-44	Consider approval to purchase one Tractor Backhoe to replace unit 78
	45-46	Consider approval to purchase one new self-propelled Broom to replace unit 58
	47-49	Consider approval for resolution #20-04-21 for Final Haul Road Release CR51. The county engineer inspected County Road 51 and is recommending the release of RTS Shearing LLC from the 2016 Haul Road Agreement.
10:05 a.m.		<b>Other Business</b>
	50-85	Refinancing Notes for the Bremer Bank Loan with SCBH
10:20 a.m.		<b>Adjournment</b>

Join Zoom Meeting

<https://zoom.us/j/936954085?pwd=YnpxNjJSbHlkUTZiZiRQanZSTmZRdz09>

Meeting ID: 936 954 085

Password: 397763

One tap mobile

+13126266799,,936954085# US (Chicago)

## **SWIFT COUNTY BOARD MINUTES**

### **March 17, 2020**

Chairman Hendrickx called the meeting to order at 9:00 AM with all members present with the exception of Commissioner Rudningen. Also present: County Administrator Kelsey Baker, County Attorney Danielle Olson, Terri Orr, George Eilertson, from Northland Securities, other county employees and members of the public.

Chairman Hendrickx asked if there were any changes or additions to the agenda. Chairman Hendrickx added the discussion on strategic planning and staffing of the county buildings under Other Business. There were no other changes.

**03-17-20-01** Commissioner E. Pederson moved and Commissioner Fox seconded to approve the agenda as amended. Motion carried unanimously.

**03-17-20-02** Commissioner P. Peterson moved and Commissioner E. Pederson seconded to approve the Consent Agenda items: (1) Approval of Minutes from March 2, 2020 Special Meeting, (2) Approval of Minutes from March 3, 2020 Regular Meeting, (3) Approval of a Joint Powers Agreement Resolution 20-03-19, National Incident-Based Reporting System (NIBRS) State of MN, (4) Approval for an Independent Contract Agreement for the Environmental Educator with Environmental Services. Motion carried unanimously.

**03-17-20-03** Commissioner Fox moved and Commissioner E. Pederson seconded to approve the Commissioner warrants as follows: Revenue: \$114,104.31; Solid Waste: \$20,332.47; County Road & Bridge: \$13,893.42; County Ditches Fund: \$29,843.21; which includes the following bills over \$2,000: American Solutions For Business, \$2,112.65; Chippewa County Auditor-Treasurer, \$28,220.71; Counties Providing Technology, \$6,574.00; Election Systems & Software Inc., \$3,170.84; Hawleys Inc., \$2,540.18; Kandiyohi County Sheriff's Department, \$6,926.81; Morris Electronics, \$5,979.60; Pflipsen Trucking LLC, \$9,978.98; Pioneerland Library System, \$34,915.25; Rinke Noonan, \$2,324.50; Swift County Human Services, \$6,965.20; Waste Management Of WI-MN, \$8,319.10; Western MN Prairie Waters, \$17,949.00. Motion carried unanimously.

Board and Committee Reports were given as follows: Commissioner P. Peterson reported on Policy Committee and Countryside Public Health. Commissioner E. Pederson reported on Township Board meeting, Safety Committee and Soil and Water Conservation District. Chairman Hendrickx reported on Prairie Waters, 6W Corrections, PrimeWest, Township meeting, RDC, Revolving Loan Fund, Woodland Centers Marketing Committee and Woodland Centers. Commissioner Fox reported on PrimeWest, Revolving Loan Fund, Well-being Committee, Restorative Practice, Woodland Centers, Pomme de Terre Watershed and Private Industry Council.

Administrator Baker reported on Hospital Refinance, Strategic Planning, Sheriff Holtz building meeting and Catie Lee on renovation for Human Services.

Chairman Hendrickx asked for citizen's comments. Mark Hughes had concerns regarding the Hospital Project, open meeting laws, Swift County Employee benefits, public schools, and building options.

RDA Director Jennifer Frost updated the board on the Prairie Five move to the Grow building. Decision was made to keep moving the process forward and work on a lease.

Director Catie Lee updated the board on the Financial Summary and Human Services update.

Director Lee further requested approval on Policy 202 -Utilization of Paid Leave during a Public Health Emergency.

**03-17-20-04** Commissioner P. Peterson moved and Commissioner Fox seconded to approve Policy 202 Utilization of Paid Leave during a Public Health Emergency. Motion carried unanimously.

Director Lee further requested approval on support for Human Services allowing variances for daycares to go above licensed capacity.

**03-17-20-05** Commissioner Fox moved and Commissioner P. Peterson seconded to approve the support for Human Services allowing variances for daycares to go above licensed capacity. Motion carried unanimously.

Commissioner Rudningen joined the board meeting at 9:52 AM.

Director Lee further requested approval to consider waiving the item in the telecommuting agreement that requires they do not have dependents at home during the Covid-19 school shutdown.

**03-17-20-06** Commissioner P. Peterson moved and Commissioner Fox seconded to approve waiving the item in the telecommuting agreement that requires they do not have dependents at home during the Covid-19 school shut down. A brief discussion was held. Motion carried unanimously.

The board recessed at 9:57 AM.

The board reconvened at 10:04 AM.

Swift County Board discussed and reviewed the hospital refinance, restructure and debt restructure options for the Swift County – Benson Hospital and ROI, Inc.

Request approval for a joint meeting between Swift County Benson Hospital, City of Benson and Swift County on Monday, March 30, 2020, at 5:30 p.m.

**03-17-20-07** Commissioner Fox moved and Commissioner P. Peterson seconded to approve a joint meeting between Swift County Benson Hospital, City of Benson and Swift County on Monday, March 30, 2020, at 5:30p.m. Motion carried unanimously.

The Board set the road tour for May 19<sup>th</sup> 2020 to take place after the regular Board Meeting.

Insurance Committee requested approval to amend all health plans with PreferredOne to waive the cost of COVID-19 testing.

**03-17-20-08** Commissioner Rudningen moved and Commissioner E. Pederson seconded to approve PreferredOne health plan amendments concerning Covid-19 testing. A brief discussion was held. Motion carried unanimously.

The board discussed holding the Strategic Planning meeting for Thursday March 19<sup>th</sup> in the afternoon and Friday March 20<sup>th</sup> in the morning. The Board’s decision was to go forward with the meetings as planned.

Administrator Kelsey Baker updated all staff on steps to take regarding the Covid-19. Sending out news release to abide by the CDC preventions to stop the spread of germs and take unnecessary risks by coming into the County Buildings.

Emergency Management Bill McGeary updated the board on the Covid-19 plan.

**03-17-20-09** Commissioner P. Peterson moved and Commissioner Rudningen seconded to adjourn. Motion carried unanimously.

The meeting adjourned at 11:43 AM.

WITNESSED:

\_\_\_\_\_  
Gary Hendrickx, Chair

ATTEST:

\_\_\_\_\_  
Kelsey Baker, County Administrator

**SWIFT COUNTY BOARD EMERGENCY SESSION MINUTES**  
**March 20, 2020**

Chairman Hendrickx called the meeting to order at 9:00 AM with all members present, with exception of Commissioner Fox. Commissioner Rudningen joined the meeting via phone. Also present: County Administrator Kelsey Baker, Emergency Manager Bill McGeary, County Attorney Danielle Olson, Countryside Public Health Administrator Liz Auch, other county employees and members of the public.

**03-20-20-1** Commissioner E. Pederson moved and Commissioner P. Peterson seconded to approve the agenda. Motion carried unanimously.

Emergency Management Bill McGeary requested approval for Resolution 20-03-20 Declaring a State of Emergency.

**03-20-20-2** Commissioner E. Pederson moved and Commissioner Rudningen seconded to approve Resolution 20-03-20 Declaring a State of Emergency. A brief discussion was held. Motion carried unanimously.

Swift County Administrator Kelsey Baker, Countryside Public Health Administrator Liz Auch, Environmental Services Director Scott Collins, Appleton Area Health Care CEO Lori Andreas, SCBHS Co-Administrator Melissa McGinty-Thompson, updated the board on the COVID-19.

Appleton Area Health Care CEO Lori Andreas and SCBHS Co-Administrator Melissa McGinty-Thompson request a Special Meeting to be held On Tuesday March 24, 2020 at 9:00 a.m. to discuss a loan agreement for the Tri-County Medical Center for COVID-19 patients.

**03-20-20-3** Commissioner E. Pederson moved and Commissioner E. Pederson seconded to approve the Special Meeting on Tuesday March 24, 2020 at 9:00 a.m. A brief discussion was held. Motion carried unanimously.

**03-20-20-4** Commissioner P. Peterson moved and Commissioner E. Peterson seconded to adjourn. Motion carried unanimously.

Emergency Session adjourned at 10:03 AM.

WITNESSED:

\_\_\_\_\_  
Gary Hendrickx, Chair

ATTEST:

\_\_\_\_\_  
Kelsey Baker, County Administrator

**SWIFT COUNTY BOARD EMERGENCY SESSION MINUTES**  
**March 24, 2020**

Chairman Hendrickx called the meeting to order at 9:00 AM with all members present. Also present: County Administrator Kelsey Baker, Emergency Manager Bill McGeary, County Attorney Danielle Olson, Countryside Public Health Administrator Liz Auch, and members of the public.

**03-24-20-1** Commissioner P. Peterson moved and Commissioner Rudningen seconded to approve the agenda. Motion carried unanimously.

Swift County Administrator Kelsey Baker gave an overall county update.

Countryside Public Health Administrator Liz Auch updated the Board on the COVID-19.

Appleton Area Health Care CEO Lori Andreas and SCBHS Co-Administrator Melissa McGinty-Thompson requested the approval of start-up funds with the expectation that state funding, federal funding, and insurance reimbursement will offset all the additional costs of the project for the Tri-County Medical Center.

**03-24-20-2** Commissioner P. Peterson moved and Commissioner Rudningen seconded to approve the appropriate funds of \$333,794 with \$50,000 to be released and available right away. A lengthy discussion was held. Motion carried unanimously.

**03-24-20-3** Commissioner P. Peterson moved and Commissioner Rudningen seconded to adjourn. Motion carried unanimously.

Special Session adjourned at 10:28 AM.

WITNESSED:

\_\_\_\_\_  
Gary Hendrickx, Chair

ATTEST:

\_\_\_\_\_  
Kelsey Baker, County Administrator

**SWIFT COUNTY BOARD EMERGENCY SESSION MINUTES**  
**March 30, 2020**

Chairman Hendrickx called the meeting to order at 5:30 PM with all members present. Also present: County Administrator Kelsey Baker and County Attorney Danielle Olson.

City of Benson - Mayor Terri Collins, City Manager Rob Wolfington, City Council Members: Jack Evenson, Lucas Olson, Mark Schreck and Jon Buyck, present by phone conference.

Swift County Benson Hospital Board of Directors - Patty Schreck, Pat Langan, Tom Anderson, Jon Buyck, Joe Fox, Jill Martin, Jill Hedman, Dan Enderson, Ex Officio and Melissa McGinty-Thompson, Ex Officio by phone conference; Absent Board of Director Members: Grant Herfindahl and Dr. Horecka.

The purpose of this special meeting was to hold a joint meeting of the SCBHS Board of Directors, Swift County commissioners and the Benson City Council to approve Resolution # 2020-3 for refinancing Swift County Benson Hospital.

After discussion the Mayor asked if the City Council had any questions. It was then moved by Evenson, and seconded by Schreck to approve an extension of financial assistance to Swift County Benson Health Services in the form of a bond purchase in an amount necessary to pay off the balances owed by them on their 2013 Hospital Revenue Bonds. A roll-call vote was taken as follows: AYES: Evenson, Schreck, Olson, Buyck, Collins. NAYES: None. The motion passed unanimously.

Roll call vote:

Schreck	Yes
Evenson	Yes
Buyck	Yes
Olson	Yes
Collins	Yes

Motion passed.

Chair Hendrickx requested approving the Resolution #2020-3 the refinancing of the Bremer Bank Loan and offering General Obligation from the County.

**03-30-20-1** Commissioner Fox moved and Commissioner P. Peterson seconded to approve the Resolution #2020-3 the refinancing of the Bremer Bank Loan and offering General Obligation from the County. A lengthy discussion was held. Motion passed with Commissioner P. Peterson, Hendrickx and Fox voting in favor and Commissioner E. Pederson and Rudningen voting against.

Roll call vote:

P. Peterson	Yes
E. Pederson	No
Hendrickx	Yes
Fox	Yes
Rudningen	No

Motion passed.

**03-30-20-2** Commissioner P. Peterson moved and Commissioner Rudningen seconded to adjourn. Motion carried unanimously.

Special Session adjourned at 6:13 PM.

WITNESSED:

\_\_\_\_\_  
Gary Hendrickx, Chair

ATTEST:

\_\_\_\_\_  
Kelsey Baker, County Administrator



# Request for Board Action

BOARD MEETING DATE:  
April 7, 2020

## Commissioner's Report

### Department Information

ORIGINATING DEPARTMENT: Environmental Services	REQUESTOR: Scott Collins	REQUESTOR PHONE: 320-843-2356
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### Agenda Item Details

BRIEF DESCRIPTION OF YOUR REQUEST: Consider approval of Environmental Services' 2019 County Feedlot Officer Annual Report	
AGENDA YOU ARE REQUESTING TIME ON: Click here to enter text.	ARE YOU SEEKING APPROVAL OF A CONTRACT? No
IS THIS MANDATED? No	EXPLANATION OF MANDATE: Click here to enter text.
BACKGROUND/JUSTIFICATION: Annual Report states Swift County's Feedlot program's progress on the 2019 goals and what got accomplished for the feedlot program.	
PREVIOUS ACTION ON REQUEST / OTHER PARTIES INVOLVED?	

### Budget Information

FUNDING:
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### Review/Recommendation

COUNTY ATTORNEY: Danielle Olson	COUNTY ADMINISTRATOR: Kelsey Baker
RECOMMENDATIONS: Click here to enter text.	RECOMMENDATIONS: Click here to enter text.
COMMENTS: Click here to enter text.	COMMENTS: Click here to enter text.

### Board Action

Motions ___ P. Peterson ___ G. Hendrickx ___ E. Pederson ___ J. Fox ___ E. Rudningen	
Action	Vote

# 2019 County Feedlot Officer (CFO) Annual Report

(Data for the Period: January 1, 2019 - December 31, 2019)

Revised November 2019

County: Swift  
 Phone: 320-424-0194

Contact Person: Barry Bouwman, assistant CFO  
 E-Mail Address: bbouwman54@gmail.com

Signature: \_\_\_\_\_ (Date) \_\_\_\_\_  
 (Signature of County Board Commissioner)

**All data must be entered in accordance with the Annual CFO Report Guidance Document.**  
*Except where identified, this report only addresses non-CAFO/NPDES/SDS sites required by 7020 to be registered.*

STAFFING LEVEL						
1	FTEs - (Full Time Equivalents) supplied by the CFO(s):					0.6
2	FTEs supplied by other county staff, including administrative and support staff assigned to the feedlot program:					0.4
3	FTEs supplied through contract with other local government units:					
4	Total Number of FTE positions that supported county program:					<b>1</b>
REGISTRATION <i>(Report your current numbers - base grant numbers are displayed for reference)</i>			Base	Current		
5	Feedlots in shoreland with 10 - 49 AU:		5	3		
6	Feedlots with 50 - 299 AU:		102	107		
7	Non-CAFO/NPDES/SDS ≥ 300 AU:		31	24		
8	CAFOs without NPDES or SDS permits 300-999 AU ("Gap Sites")		---	1		
9	Feedlots with NPDES or SDS permits:		19	23		
10	<b>Total - Feedlots required to be registered:</b>		<b>157</b>	<b>158</b>		
11	<b>Total - Feedlots Eligible for Funding (FROM AGENCY BASE GRANT AWARD NUMBER)</b>			<b>157</b>		
Feedlot Sites Inspected		Minimum number of FEEDLOT SITES required to register that must be inspected (7%):			11	
12	Number of FEEDLOT SITES that received a compliance, construction, desktop N&P, or in-field land app inspection (count in-field land app inspections as 1/2 of an inspection)					20
INSPECTION REPORTING						
Types of Inspections (at sites required to be registered)		10 - 49 AU	50 - 299 AU		300 or more AU	
Only count first instance of each type of inspection per feedlot		(in shoreland)	(except where noted)		(Non-CAFO/NPDES/SDS)	
13	Compliance inspections	1	7		4	
	13.1) How many included the optional P review				0	
14	Construction inspections	0	0		2	
	14.1) How many received a 2nd construction inspection				0	
15	Desktop N&P records inspection <small>(P review as part of a compliance inspection should be reported in 13.1)</small>		1	<small>100+ AU &amp; in DWSMA</small>	2	
16	In-field land application inspection		1		1	
17	Complaint initiated inspections (any non-CAFO/NPDES/SDS)	0	0		0	
18	Routine or follow-up stockpile only inspection					
Other Inspection Related Info						
19	CAFO/NPDES/SDS sites inspected at the MPCA's request					1
20	Number of feedlots inspected within shoreland, a DWSMA, or a TMDL area.					1
21	Number of sites inspected found to be non-compliant with water quality discharge standards.					2
22	Number of sites inspected with 100+ AU found to be non-compliant with N and/or P requirements.					0
INSPECTION Performance Credits (Summarized from entries above)						
NOTE: Inspections assumed to satisfy the 7% minimum are not PC eligible		Total	Not PC eligible	PC eligible	PC	PC Total
23	Compliance inspections <i>min. # of compliance inspections: 6</i>	12	11	1	1.5	1.5
24	Construction inspections	2	0	2	1	2
25	Desktop N&P records inspections	3	0	3	1.5	4.5
26	In-field land application inspections	2	0	2	0.5	1
27	Compliance inspections that include optional P review			0	0.5	0
28	Number of facilities that received 2 or more construction inspections.			0	0.5	0
29	CAFO/NPDES/SDS sites inspected at the MPCA's request			1	0.5	0.5
30	Complaint initiated inspections (any non-CAFO/NPDES/SDS) (only count 1 per feedlot):			0	0.5	0
31	Routine or follow-up stockpile only inspection. (only count 1 per feedlot)			0	0.25	0

## Additional Performance Credit Calculations and Supplemental Information

Describe below the progress made in meeting your program year work plan inspection goals. You must provide quantitative results for each compliance inspection and land application goal listed in your work plan.

In 2019 several feedlots were identified with compliance concerns and priorities were made to review open lot and stockpile situations in the County and continue with the goals of the workplan to review MMP's, land applications and records of both transferred and non-transferred manure. An open lot inspection in Edison Twsp found direct discharge from dirt lots to a drainage ditch and continued use of the lots in current condition was not going to be possible. The feedlot owner agreed to ship out the remaining 200 head at the facility and begin cleanup of the lots by hauling all manure and land applying and creating a berm to prevent further channeling of stormwater from the site. It was agreed no stocking would resume until a technical review was completed and fixes in place. A follow up land application inspection was done as well as N & P Inspection with review of the operators completed CNMP. Swift County wants to have the Operator compliant in all areas before looking at plans to construct and do fixes if resuming operation. A followup Inspection indicated that the open lots were no longer a discharge issue and plans are underway to make improvements at the feedlot. Sites higher than 300 AU were planned to be part of compliance inspections along with review of records and inspections were done with both transferred and non-transferred manure. Swift County Permitted the expansion of a dairy to double in size and become a robotic milking system and this facility also was reviewed and inspected for land application and completed records with it's new MMP. The inspection strategy was to continue to focus on land application and review of records with compliance inspections. Availability of enough land in an operations MMP and reviewing phosphorus levels as an indicator of rates has been a focus of owner assistance in review of land app practices. Several inspected feedlots have minor issues that are being worked on and will be reviewed in 2020 for steps needed to achieve compliance. Our goals will remain to have producers get MMP's done or updated when needed and keep records complete.

PERMITTING		Number	PC	PC Total
32	30-day construction or expansion notifications received:	1	---	---
33	Interim Permits Issued or Modified:	0	2	0
34	Construction Short-Form Permits Issued or Modified at Sites $\geq$ 300 AU:	1	1	1
35	Public meetings held for construction or expansion to $\geq$ 500 AU:	1	---	---
ENVIRONMENTAL REVIEW (EAW)		Number	PC	PC Total
36	EAW petitions received:	0	---	---
37	EAWs prepared by county:	0	4	0
EMERGENCY RESPONSE		Number	PC	PC Total
38	Events where emergency response was conducted: (on-site visit)	0	2	0
ENFORCEMENT ACTIONS		Number	PC	PC Total
39	Letters of Warning (LOW) issued:	0	---	---
40	Notices of Violation (NOV) issued:	0	---	---
41	Court actions commenced:	0	---	---
FEEDLOT SITE SCHEDULED COMPLIANCE (Achieved in current reporting year)		Number	PC	PC Total
42	Feedlots where a partial environmental upgrade was achieved:	1	---	---
43	Feedlots where a complete environmental upgrade was achieved:	1	6	6
LAND APPLICATION SCHEDULED COMPLIANCE (Achieved in current reporting year)		Number	PC	PC Total
44	Feedlots 100+ AU where N records requirements were returned to compliance:	0	---	---
45	Feedlots 300+ AU (or 100+ DWSMA) where N&P requirements were returned to compliance:	0	---	---
46	Feedlots 100+ AU where in-field inspection non-compliance was resolved:	0	---	---

OWNER ASSISTANCE AND OUTREACH		Number	PC	PC Total
47	Sites visited to provide assistance	6	---	---
48	Workshops/trainings hosted/sponsored by the CFO:	0	2	0
	48.1) Total number of feedlot owners attending these events	0	---	---
49	CFO presentations at informational or producer group events: (per event)	1	1	1
50	Number of mailings to feedlot owners:	0	---	---
51	Feedlot articles placed in newspapers:	0	---	---

Describe your workshops, trainings, newsletters, mailings, articles, or other assistance and outreach activities.

Date	Description
18-Jun	Attend Glacial Ridge Cattlemen Tour and speak about owner assistance in Feedlot Program.

CFO TRAINING AND MENTORING		Number	PC	PC Total
52	CFO - training CEUs: (Enter total training hours earned - list events below)	39	---	---
53	Hours mentoring New CFOs (describe on a separate sheet):	3	0.25	0.75

List the training events attended.

Date	Description	Hours
1/9/2019	Webex - Annual Report	1.25
1/16/2019	Webex - Annual Report	1.5
21-Feb	Webex - Update on Annual Report/FY20 Registration	0.5
20-Mar	Webex - 2018 Registration Numbers	1
3/26, 27, 28	MACFO Conference	14.5
17-Apr	Webex - Violations Screen	1.25
5/15/2019	Webex - Registration A to Z	1.5
6/13/2019	Regional Meeting, St, Cloud	4.5
6/26/2019	Webex - Tempo Update, Construction Inspections	1.25
8/8/2019	MinnFarm- First day only	3.5
8/28/2019	Webex - 2019 CFO Annual Report, Warehouse Data Dump Tabs, Animal History Report	1.5
10/9/2019	Webex - Delegation Agreement Work Plan	1.75
11/6/2019	Regional Meeting, Marshall	3.75
12/18/2019	Webex - Year End Reporting	1.25
Total		39

OTHER PROGRAM ACTIVITIES		Number	PC	PC Total
54	Feedlots where a MinnFARM was conducted (list sites below):	1	1	1
55	Notifications received claiming air quality exemptions:	7	---	---
56	Meetings with other local government and producer groups:	1	---	---
57	Feedlot ordinance revisions likely, in progress, or completed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

If Yes describe below

MinnFARM completed by CFO registration no.		Site Name	Describe other county program activities not identified elsewhere. In 2019 we continued to correspond with Danny Tucket from Big Stone County regarding feedlot program work after having him join in Inspections in Swift & Pope County's in 2018. Also worked jointly with SWCD from Swift to evaluate a farm for erosion control and feedlot compliance. A project through SWCD is currently planned from this evaluation.
151-126818		Ben Vadnais Farm	

<b>TOTAL PERFORMANCE CREDITS</b>	<b>19.25</b>
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March 20, 2020

Barry Bouwman  
Swift County Feedlot Officer  
1000 Industrial Drive  
PO Box 207  
Benson, MN 56215

RE: 2019 Swift County Feedlot Program Year-End Review

Dear Barry Bouwman:

On February 26, 2020 the Minnesota Pollution Control Agency (MPCA) completed a year-end review of the Swift County (County) delegated feedlot program for the period of January 1, 2019 through December 31, 2019. Based upon the review, the MPCA has determined that the County satisfactorily met 20 out of an applicable 20 non-inspection minimum program requirements (MPRs). The County also satisfactorily conducted 20 inspections of the 157 feedlots required to be registered for an inspection rate of 12.7 percent.

In addition, the MPCA has reviewed and approved the County's January 1, 2018 - December 31, 2019 Delegation Agreement and Work Plan. No modifications to the Delegation Agreement and Work Plan have been proposed at this time.

The MPCA commends the County for its work in 2019. If you have any questions regarding the review please do not hesitate to contact me at 507-421-7648 or [dana.leibfried@state.mn.us](mailto:dana.leibfried@state.mn.us).

Sincerely,

Dana Leibfried  
Environmental Specialist  
Watershed Division

DL:svdw

cc: Michelle Oie, MPCA

# **Chippewa River Watershed Association Joint Powers Agreement**

## **Article 1 Enabling Authority**

THIS AGREEMENT is made by and between the political subdivision organized and existing under the Constitution and laws of the State of Minnesota, hereafter collectively referred to as "Parties", and individually as "Party" which are signatories to this "Agreement."

Minnesota Statutes, Section 471.59 provides that two or more governmental units may by Agreement jointly or cooperatively exercise any power common to the contracting Parties or any similar powers including those which are the same except for the territorial limits within which they may be exercised. The Agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units. The term "governmental unit" as used in this section includes every city, county, town, school district, other political subdivision of this or any adjoining state, and any agency of the State of Minnesota or the United States, and includes any instrumentality of a governmental unit, meaning an instrumentality having independent policy making and appropriating authority.

In consideration of the mutual promises and Agreements contained herein and subject to the provisions of Minnesota Statutes, Sections 471.59 and all other applicable statutes, rules and regulations, the following Parties:

Chippewa County, Douglas County, Grant County, Kandiyohi County, Pope County, Stevens County, Swift County, Otter Tail County, Chippewa Soil and Water Conservation District (SWCD), Douglas SWCD, Grant SWCD, Kandiyohi SWCD, Pope SWCD, Stevens SWCD, Swift SWCD, and West Otter Tail SWCD.

hereto agree as follows:

## **Article 2 Purpose**

The purpose of this Agreement is the joint exercise of powers by the undersigned Parties to develop and implement plans to promote the orderly water quality improvement and management of the Chippewa River Watershed through information sharing, fund seeking, education, coordination and related support to the members with regard to the protection of property from damage of flooding, controlling erosion of land; the protection of property, streams and lakes from sedimentation and pollution; and maintaining and improving the quality of water in the streams, lakes and ground water and improving recreation and wildlife and same in accordance with the intent of Section 471.59 of Minnesota Statutes.

A. Coordinate with local, state, and federal agencies to encourage landowners to voluntarily change their land use practices to improve the quality of soil and water resources within the Chippewa River Watershed.

B. Provide other similar or related services and programs as determined by the Board.

C. Establish a mechanism whereby additional and/or alternative programs and services may be developed for the benefit of the Parties and in furtherance of the objectives of the Parties.

D. Collectively develop and adopt a coordinated watershed management plan for implementation per the provisions of the plan.

### **Article 3 Name**

The name of this joint powers entity shall be Chippewa River Watershed Association hereinafter referred to as CRWA.

### **Article 4 Agreement to Participate**

**4.1 Members.** The members under this agreement are those Counties and SWCDs lying within the boundaries of the watershed of the Chippewa River, namely, Chippewa County, Douglas County, Grant County, Kandiyohi County, Pope County, Stevens County, Swift County, Otter Tail County, Chippewa SWCD, Douglas SWCD, Grant SWCD, Kandiyohi SWCD, Pope SWCD, Stevens SWCD, Swift SWCD, and West Otter Tail SWCD. The following table is a breakdown of counties within the Chippewa River Watershed.

<b>County</b>	<b>Acres</b>	<b>% of the Watershed</b>
Chippewa	206,692	15%
Douglas	187,367	14%
Grant	24,261	2%
Kandiyohi	96,031	7%
Ottertail	19,532	1%
Pope	394,365	29%
Stearns	18	0%
Stevens	53,749	4%
Swift	388,435	28%
Total	1,370,450	100%

**4.2 Compliance.** A Party agrees to abide by the terms and conditions of the Agreement; including but not limited to the Joint Powers Agreement, bylaws, policies and procedures adopted by the Board.

**4.3 Financial Obligation.** In addition to grant funding received, members may provide additional direct funding as they may determine from time to time. In addition to, or in lieu of financial support, the members may also contribute services, personnel, or personal property to the CRWA in such amounts as the members may determine from time to time.

**4.3.1 Host County.** The County hosting the CRWA office may make its contribution in the form of in-kind donations through office space and use of office equipment and supplies.

## **Article 5 Governance**

**5.1 Governing Board.** A governing board shall be formed to oversee the operation of the CRWA and shall be known as the Board.

**5.1.1 Membership.** The Board shall be comprised of one representative of each County Board of Commissioners and one elected representative of each Soil and Water Conservation District Board of Supervisors included in this agreement. Each member shall have one equal vote.

**5.1.2 Qualifications.** Each member of the Board shall be member of each respective unit of government and shall be appointed by the respective unit of government.

**5.2 Terms; Vacancies.** The term of appointment shall be set by the respective unit of government. The appointing entity shall appoint a designee as soon as a vacancy occurs.

**5.3 Officers of the Board.** The Board shall elect a Chair, Vice Chair, Secretary/Treasurer from its membership who shall serve two-year terms. The Vice Chair shall assume the role of chair during temporary absence or disability of the chair. Should the Chair be succeeded by another appointee during their term of office, the Vice Chair shall serve as Chair until the expiration of the elected Chair's term. Should both positions be succeeded prior to the expiration of their terms in such offices, the Board shall elect a new Chair and Vice Chair to serve until the following January meeting. Should the office of Secretary/Treasurer become vacant due to disability or succession the Board shall by majority vote to appoint the successor (s). The Chair shall preside at all meetings of the Board, if present, and shall perform all other duties and functions usually incumbent upon such an officer and all administrative functions usually assigned to them by the Board. The Vice Chair, Secretary, and Treasurer shall perform such duties and functions usually incumbent upon such an officers and all other functions assigned to them by the Board.

**5.3.1 Election of Officers.** The election of the Officers shall be conducted at the first meeting following January 1 of each even-numbered year.

**5.3.2 Executive Board.** The executive board herein shall by majority vote, have the power between meetings to implement ministerial, as opposed to policy, decisions. Said executive board members shall consist of the officers listed in subdivision 5.3, i.e. Chair, Vice Chair, and Secretary/Treasurer. A quorum of the Executive Board shall consist of a simple majority of the members of the Executive Board.

**5.3.3 Committees.** The Board shall have the authority to appoint such committees as it deems necessary to fulfill the purpose of the organization.

**5.4 Meetings.** The Board shall comply with the Minnesota Statutes Chapter 13D (Open Meeting Law). The Board will meet as set by the Board each year.

**5.5 Voting.** A quorum shall consist of a simple majority of the voting members of the Board. Board actions shall be determined by a majority of the votes cast at the meeting. Abstentions shall not be counted as votes cast for the purpose of this section. Proxy votes are not permitted.

**5.6 By-Laws.** The Board may adopt bylaws to govern its operations. Such bylaws shall be consistent with the Agreement and applicable law.

**5.7 Amendments.** This Agreement may be amended from time to time as deemed necessary.

## **5.8 Records, Accounts and Reports.**

**5.8.1 Records and Reports.** The books and records, including minutes and the original fully executed Agreement, of the Board shall be subject to the provisions of Minn. Stat. Ch. 13. They shall be maintained at the office of the host.

**5.8.2 Receipts and Disbursements.** The CRWA will ensure strict accountability for all funds of the organization and will require reports on all receipts and disbursements made to, or on behalf of the CRWA.

**5.8.3 Audits.** The Board shall have an annual third-party audit of the books and accounts of the CRWA and shall make a report to its Members at least once each year.

## **Article 6 Powers of the Board**

**6.1 General Powers.** The Board is hereby authorized to exercise such authority and powers common to the Parties as is necessary and proper to fulfill its purposes and perform its duties. Such authority shall include the specific powers enumerated in this Agreement or in the bylaws.

## **6.2 Specific Powers.**

**6.2.1 Employees.** The Board may employ, train, pay, discipline, discharge and otherwise manage personnel needed to assist the CRWA Board in carrying out its duties and responsibilities. Employees of the Board shall not be considered employees of the Parties to this Agreement for any purpose including, but not limited to, salaries, wages or other compensation or fringe benefits; worker's compensation; unemployment compensation or reemployment insurance; retirement benefits; social security; liability insurance; maintenance of personnel records and termination of employment.

**6.2.2 Contracts.** The Board may enter into contracts necessary for the exercise of its duties and responsibilities to govern the CRWA. The Board may take such action as is necessary to enforce such contracts to the extent available in equity or at law. Contracts and/or agreements let, and purchases made pursuant to this Agreement shall conform to the requirements applicable to contracts and/or agreements required by law (i.e. fiscal management, personnel management).

**6.2.3 Annual Budget.** That the CRWA will operate on grants obtained to carry out its purposes pursuant to Article 2. The annual budget will be dependent on work plans and budgets tied directly to grant agreements. All grant agreements and associated work plans and budgets will be approved by the Board and executed by the Board Chair at any time they are received.

**6.2.4 Insurance.** The Board shall obtain equipment, general liability, public employee's liability, employee dishonesty and faithful performance, workers' compensation, property, and auto insurances and may obtain such other insurance it deems necessary to indemnify the Board and its members for actions of the Board and its members arising out of this Agreement.

**6.2.5A Watershed Management Plan.** Submittal of the Plan. The CRWA will recommend the plan to the parties of the Agreement. The CRWA will be responsible for initiating a formal review process for the watershed-based plan conforming to Minnesota Statutes Chapters 103B and 103D, including public hearings. Upon completion of local review and comment, and approval of the plan for submittal by each party, the CRWA will submit the watershed-based plan jointly to the Minnesota Board of Water and Soil Resources (BWSR) for review and approval.

**6.2.5.B. Adoption of the Plan.** The parties agree to adopt and begin implementation of the plan within 120 days of receiving notice of state approval, and provide notice of plan adoption pursuant to Minnesota Statutes Chapters 103 B.

### **6.3 Additional Resources.**

**6.3.1 In-kind and direct contributions.** The CRWA established by this Agreement may also be funded by in-kind and direct contributions. Member counties may provide additional funding in such proportionate amounts from among themselves, and in such total amounts, as they may determine, from time to time. In addition to financial support, the members may also contribute services, personnel, or personal property to the CRWA in such amounts as the members may determine from time to time. Each member is not expected to make any individual contribution unless it is approved by the members.

**6.3.2** The CRWA may apply for and accept gifts, grants, or loans of money or other personal property from the United States, the State of Minnesota, or any other body, organization, political subdivision, or person, whether public or private. The Board may enter into any agreement required in connection therewith, and hold, use, or dispose of any such money or other property in accordance with the terms of the gift, grant, loan or agreement relating thereto.

## **Article 7**

### **Indemnification and Hold Harmless**

**7.1 Applicability.** The CRWA shall be considered a separate and distinct public entity to which the Parties have transferred all responsibility and control for actions taken pursuant to this Agreement. CRWA shall comply with all laws and rules that govern a public entity in the State of Minnesota and shall be entitled to the protections of Minnesota Statutes 466.

**7.2 Indemnification and Hold Harmless.** The CRWA shall fully defend, indemnify and hold harmless the Parties, employees, and officials against all claims, losses, liability, suits, judgments, costs, and expenses by reason of the action or inaction of the Board and/or employees and/or the agents of the CRWA. This Agreement to indemnify and hold harmless does not constitute a waiver by any participant of limitations on liability provided under Minnesota Statutes, Section 466.04.

To the full extent permitted by law, actions by the Parties pursuant to this Agreement are intended to be and shall be construed as a "cooperative activity" and it is the intent of the Parties that they shall be deemed a 'single governmental unit' for the purpose of liability, as set forth in Minnesota Statutes Section 471.59, Subd. 1 a(a); provided further that for purposes of that statute, each Party to this Agreement expressly declines responsibility for the acts or omissions of the other Party.

The Parties of this Agreement are not liable for the acts or omissions of the other participants to this Agreement except to the extent to which they have agreed in writing to be responsible for acts or omissions of any other Parties.

## **Article 8**

### **Withdrawal and Termination**

**8.1 Withdrawal.** A Party shall have the right to withdraw from this agreement and association hereby created, in the following manner:

**8.1.1** The board of the withdrawing Party shall pass a resolution declaring its intention to withdraw on December 31 and shall send a certified copy of such resolution to the Chair of the CRWA Executive Board at least 6 months prior notice.

**8.1.2** Upon receipt of the resolution of withdrawal, the Chair of the CRWA Board shall send a copy of said resolution to each Party's Board.

**8.1.3** Withdrawal by a Party shall not result in the discharge of any legal or financial liability incurred by such Party before the effective date of withdrawal. All such liabilities shall continue until properly discharged or settled by the withdrawing county to the approval of the remaining member counties, which approval shall not be unreasonably withheld.

**8.1.4** A withdrawing Party shall not be entitled to a refund of funds paid, or forgiveness of funds owed to the CRWA prior to the effective date of withdrawal. A withdrawing member shall not be entitled to the return of any personal property, given, granted or loaned by it to the CRWA unless specified by written agreement.

**8.2 Effective Date and Obligations.** This Agreement and the CRWA created hereby, shall continue indefinitely in full force and effect until all member Parties, or all remaining member Parties, mutually agree to terminate the Agreement by joint resolution passed by the member Parties respective Boards. This Agreement once approved by the parties will replace the current CRWA agreement.

**8.3 Termination.** The termination of this Agreement shall not act to discharge any liability incurred by the Board or by the Parties during the term of the Agreement. Each member shall continue to be responsible for its actions, debts, and duties to the extent required by federal, state, and local law. All property, real and personal, held by the CRWA at the time of its termination, shall be distributed by resolution to the member Counties by percentages pursuant to Article 4.1 The CRWA and the Executive Board shall finally terminate and cease to exist upon the approval of a final report of the Executive Board declaring that all the affairs and obligations of the CRWA have been discharged or otherwise properly concluded.

**Article 9**  
**Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Counterparts shall be filed with the host of the CRWA who will maintain them at the CRWA host office.

In witness whereof, the undersigned governmental units, by action of their governing bodies, have caused this Agreement to be executed in accordance with the authority of Minnesota Statute 471.59.

APPROVED AS TO FORM:

COUNTY OF CHIPPEWA

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

**Article 9**  
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APPROVED AS TO FORM:

CHIPPEWA SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

COUNTY OF DOUGLAS

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

DOUGLAS SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

COUNTY OF GRANT

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

GRANT SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

COUNTY OF KANDIYOHI

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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Counterparts**

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APPROVED AS TO FORM:

KANDIYOHI SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

COUNTY OF POPE

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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Counterparts**

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APPROVED AS TO FORM:

POPE SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

COUNTY OF STEVENS

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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APPROVED AS TO FORM:

STEVENS SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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In witness whereof, the undersigned governmental units, by action of their governing bodies, have caused this Agreement to be executed in accordance with the authority of Minnesota Statute 471.59.

APPROVED AS TO FORM:

COUNTY OF SWIFT

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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In witness whereof, the undersigned governmental units, by action of their governing bodies, have caused this Agreement to be executed in accordance with the authority of Minnesota Statute 471.59.

APPROVED AS TO FORM:

SWIFT SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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In witness whereof, the undersigned governmental units, by action of their governing bodies, have caused this Agreement to be executed in accordance with the authority of Minnesota Statute 471.59.

APPROVED AS TO FORM:

COUNTY OF OTTER TAIL

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator

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**Counterparts**

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In witness whereof, the undersigned governmental units, by action of their governing bodies, have caused this Agreement to be executed in accordance with the authority of Minnesota Statute 471.59.

APPROVED AS TO FORM:

WEST OTTER TAIL SWCD

\_\_\_\_\_  
County Attorney

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST \_\_\_\_\_  
County Auditor or Administrator



# Request for Board Action

BOARD MEETING DATE:  
4/7/2020

## Commissioner's Report

### Department Information

ORIGINATING DEPARTMENT: Swift County GROW	REQUESTOR: Jennifer Frost	REQUESTOR PHONE: 320-842-4769
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### Agenda Item Details

BRIEF DESCRIPTION OF YOUR REQUEST: Swift County currently rents the "GROW" building on a month to month basis for temporary use. GROW is notifying Swift County that it is terminating this month to month agreement and enter into a 7 (seven) year lease agreement (drafted by Wilcox Law) with Prairie Five CAP. Improvements will be made to the building prior to Prairie 5 moving in and will provide renovated space for the agency to operate from and continue to deliver community services to Swift County residents. GROW believes all can benefit from this new arrangement and is interested in working with the County on developing a redevelopment plan for the existing Prairie Five property.	
AGENDA YOU ARE REQUESTING TIME ON: Board 4/7/2020	ARE YOU SEEKING APPROVAL OF A CONTRACT? No
IS THIS MANDATED? No	EXPLANATION OF MANDATE: Click here to enter text.
BACKGROUND/JUSTIFICATION: Swift County	
PREVIOUS ACTION ON REQUEST / OTHER PARTIES INVOLVED?	Click here to enter text.

### Budget Information

FUNDING: See attachment
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### Review/Recommendation

COUNTY ATTORNEY: Danielle Olson	COUNTY ADMINISTRATOR: Kelsey Baker
RECOMMENDATIONS: Click here to enter text.	RECOMMENDATIONS: Click here to enter text.
COMMENTS: Click here to enter text.	COMMENTS:

### Board Action

Motions ___ J Fox   ___ G Hendrickx   ___ E Pederson   ___ P Peterson   ___ E Rudningen	
Action	Vote

**From:** Jennifer Frost  
**To:** [Kelsey Baker](#)  
**Subject:** [GROW Lease - Month to Month - Intent to Terminate](#)  
**Date:** Thursday, April 2, 2020 9:50:00 AM

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Dear Kelsey,

This notice is being provided to inform you of our intent to terminate the month-to-month lease arrangement Swift County has with Swift County GROW for the property on 1214 Atlantic Avenue in Benson, MN; otherwise known as the GROW building.

The GROW Board has opted and authorized me to enter into a new agreement for the use of the space to Prairie Five CAP. We intend to make leasehold improvements to best accommodate Prairie Five's needs before they move in and believe this will not only make their services more accessible, but will enhance economic development in the downtown Benson area. We understand this change will leave their current property vacant and would like to offer our services to assist in a redevelopment/re-use plan to that space.

Feel free to contact me with any questions or to make plans for next steps.

Best,  
Jennifer Frost, Executive Director

**Swift County GROW**

## COMMERCIAL LEASE AGREEMENT

This Lease Agreement (this "Lease") is entered by and between Swift County Greater Rural Opportunities Working, a Minnesota non-profit corporation, ("Landlord") and Prairie Five Community Action Council, Incorporated, a Minnesota non-profit corporation, ("Tenant") on \_\_\_\_\_. Landlord and Tenant may collectively be referred to as the "Parties." This Lease creates joint and several liability in the case of multiple Tenants.

The Parties agree as follows:

### 1. PREMISES.

A. Premises. Landlord hereby leases the main floor of that property located at 1210-1214 Atlantic Avenue, Benson, MN and legally described as Lots 3, 4 and 5, Block 21, Original Townsite of the City of Benson

B. Utilities & Services. Tenant shall be responsible for all utilities and services.

2. **LEASE TERM.** The lease will start on \_\_\_\_\_ and will end on \_\_\_\_\_ (the "Initial Lease Term"). The Rent for the Initial Lease Term shall be as set forth in the schedule in Section 3 below.

### 3. PAYMENTS AND TAXES.

A. Rent amount. Tenant agrees to pay to Landlord as rent for the Premises the following amounts (the "Rent"): Annual payments of Five Thousand dollars (\$5,000.00) beginning \_\_\_\_\_ and ending \_\_\_\_\_.

B. Payment. The rental payment as described above shall be due on the 1st day of each \_\_\_\_\_ (month of start date) at 301 14<sup>th</sup> St. N, Benson, MN 56215 or at any other address designated by Landlord.

### 4. USE.

A. Permitted Use. Tenant shall occupy and use the Premises for purposes consistent with Tenant's lawful business operations. If there is any change to the use of the Premises, Tenant must first obtain Landlord's written consent, which shall not be unreasonably withheld.

B. Noise. Tenant shall not cause or allow any unreasonably loud noise or activity in the Premises that might disturb the rights, comforts and conveniences of other tenants or neighbors.

C. Signage. Tenant is permitted to install and display signage identifying the Tenant and Tenant's business activities. Such signage must comply with all applicable ordinances of the City of Benson and any other applicable laws. Additional signage may only be displayed with Landlord's prior written consent.

D. Building Rules & Regulations. Landlord may adopt reasonable building rules, which will become part of this Lease.

## **5. ALTERATION, DAMAGE & REPAIR.**

A. Alterations and Improvements. Tenant shall not make any improvements to the Leased Premises without the prior written consent of Lessor. Any improvements made on or in the Leased Premises during the term of this Lease, shall become part of the Leased Premises and the sole property of Landlord except for moveable trade fixtures, equipment and furnishings Tenant shall retain as its property.

B. Damage to the Premises. If the Premises or any part of the Premises are damaged or destroyed by fire or other casualty not due to Tenant's negligence, the Rent will be abated during the time that the Premises are rendered unfit for occupancy. If the Premises are rendered partially unfit because of damage or destruction not due to Tenant's negligence, the Rent will be abated in proportion to the percentage of the Premises that are and remain unfit for occupancy. If Landlord decides not to repair or rebuild the Premises, then this Lease shall terminate and the Rent shall be prorated up to the time of the damage. Any unearned rent paid in advance shall be refunded to Tenant.

C. Condition of Premises. Tenant or Tenant's agent has inspected the Premises, the fixtures, the grounds, building and improvements and acknowledges that the Premises are in good and acceptable condition and are fit for occupancy. If it Tenant's opinion, the condition of the Premises has changed at any time during the Lease Term, Tenant shall promptly provide reasonable notice to Landlord.

D. Maintenance and Repair. Tenant will, at Tenant's sole expense, keep and maintain the Premises in good, clean and sanitary condition and repair during the term of this Lease and any renewal thereof. Tenant shall be responsible to make all repairs to the Premises, fixtures, appliances and equipment therein that may have been damaged by Tenant's misuse, waste, or neglect, or that of the Tenant's agents, associates, employees, or visitors. Tenant shall promptly notify Landlord of any damage, defect or destruction of the Premises, or in the event of the failure of any of the appliances or equipment. Landlord will use his best efforts to repair or replace any such damaged or defective area, appliance or equipment.

## **6. SECURITY, INSURANCE & INDEMNIFICATION.**

A. Security. Tenant understands that Landlord does not provide a security alarm system or other security for Tenant or the Premises. In the event any alarm system is provided, Tenant understands that such alarm system is not warranted to be complete in all respects or to be sufficient to protect Tenant or the Premises. Tenant releases Landlord from any loss, damage, claim or injury resulting from the failure of any alarm system, security or from the lack of any alarm system or security.

B. Insurance. Landlord and Tenant shall each be responsible for maintaining appropriate insurance for their respective interests in the Premises and property located on the Premises. Tenant understands that Landlord will not provide any insurance coverage for Tenant's property. Landlord will not be responsible for any loss of Tenant's property, whether by theft, fire, riots, strikes, acts of God or otherwise. Notwithstanding anything to the foregoing, Tenant shall, at its own expense, maintain a policy of comprehensive general liability with respect to its activities at the Premises which will afford protection of not less than \$1,000,000.00 combined single limit coverage of bodily damage, property damage, or combination thereof. In addition, Landlord shall be listed as an additional insured on Tenant's general liability insurance policy.

C. Indemnification. To the extent permitted by law, Tenant hereby indemnifies and holds Landlord and Landlord's property, including the Premises, free and harmless from any liability for losses, claims, injury to or death of any person, including Tenant, or for damage to property arising from Tenant using and occupying the Premises or from the acts or omissions of any person or persons, including Tenant, in or about the Premises with Tenant's express or implied consent, except where such loss, claim or injury is due to Landlord's act or negligence.

## **7. POSSESSION & INSPECTION.**

A. Possession and Surrender of Premises. Tenant shall be entitled to possession of the Premises on the first day of the Lease Term. In the event of default, Tenant shall peaceably surrender the Premises to Landlord or Landlord's agent in as good of condition as it was at the commencement of the Lease, reasonable wear and tear excepted.

B. Quiet Enjoyment. Tenant shall be entitled to quiet enjoyment of the Premises, and Landlord will not interfere with that right, as long as Tenant pays the Rent in a timely manner and performs all other obligations under this Lease.

C. Right of Inspections. Tenant agrees to make the Premises available to Landlord or Landlord's agents to inspect, to make repairs or improvements, to supply agreed services, to show the Premises to prospective buyers or tenants, or to address an emergency. Except in an emergency situation, Landlord shall give Tenant reasonable notice of intent to enter. For these purposes, twenty-four (24)

hours notice shall be deemed reasonable. Tenant shall not, without Landlord's prior written consent, add, alter or re-key any locks to the Premises. At all times Landlord shall be provided with a key or keys capable of unlocking all such locks and permitting entry. Tenant further agrees to notify Landlord in writing if Tenant installs any burglar alarm system, including instructions on how to disarm it in case of emergency entry.

## **8. DEFAULTS.**

A. Event of Default. If Tenant fails to fulfill or obey any of the covenants of this Lease, Tenant shall be in default of this Lease ("Event of Default"). During any Event of Default, subject to any statute, ordinance or law to the contrary, and upon Landlord serving a written seven (7) days notice upon Tenant specifying the nature of said default and upon the expiration of said seven (7) days, if Tenant does not cure a default of which he has been notified, or if the default cannot be completely cured or remedied in seven days, Landlord may at Landlord's option: (i) cure such default and add the cost of such cure to Tenant's financial obligations under the Lease; or (ii) declare Tenant in default and terminate the Lease.

B. Physical Remedies. If the notice provided for in Section 9(A) has been given, and the term shall expire as noted, or if Tenant shall make default in the payment of Rent, then Landlord may without notice, as permitted by law, re-enter the Premises either by force or otherwise, dispossess Tenant by summary proceedings or otherwise and retake possession of the Premises. Tenant hereby waives the service of notice of intention to re-enter or institute legal proceedings to that end.

C. Financial Remedies. In the event of any default, re-entry, expiration and/or dispossession by summary proceedings or otherwise, (i) the Rent shall become due thereupon and be paid up to the time of such re-entry, dispossession or expiration, together with such expenses Landlord may incur for legal expenses, attorneys' fees, brokerage, and/or putting the Premises in good order; (ii) Landlord may re-let the Premises or any part or parts thereof; and/or (iii) Tenant shall also pay Landlord liquidated damages for his failure to observe and perform the covenants in this Lease. Landlord may, at his sole option, hold Tenant liable for any difference between the Rent payable under this Lease during the balance of the Lease Term, and any rent paid by a successive Tenant if the Premises are re-let. In the event that after default by Tenant Landlord is unable to re-let the Premises during any remaining term of this Lease, Landlord may at his option hold Tenant liable for the balance of the unpaid Rent under the Lease for the remainder of the Lease Term. Landlord shall be responsible for mitigating its damages.

## **9. ASSIGNMENT & SUBORDINATION.**

A. Assignment by Tenant. Tenant shall not assign or sublet any interest in this Lease without prior written consent of the Landlord, which consent shall not be unreasonably withheld. Any assignment or sublease without Landlord's written prior consent shall, at Landlord's option, terminate this Lease.

B. Assignment by Landlord. Nothing in this Lease shall restrict the Landlord's ability to sell, assign, convey or otherwise encumber the Premises, subject only to the rights of the Tenant under this Lease including but not limited to the Purchase Agreement attached hereto.

C. Subordination. This lease is and shall be subordinate in any and all respects to all mortgages now or hereafter placed on the Premises, and all extensions, renewals, or modifications thereof. The Tenant agrees to promptly execute any instruments of subordination as may be requested.

## **10. MISCELLANEOUS.**

A. Severability. If any part of parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Minnesota.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.

E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Tenant, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The

acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.

**11. ADDITIONAL TERMS & CONDITIONS.** (Specify "none" if there are no additional provisions.)

A. Leasehold Improvements. Leasehold Improvement cost schedule included as ADDENDUM.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

**LANDLORD:**  
**SWIFT COUNTY G.R.O.W**

**TENANT:**  
**PRAIRIE FIVE COMM. ACTION  
COUNCIL**

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By:  
Its:

Addendum to Commercial Lease

Benson Small Cities Program - GROW Building					
<b>Carpentry:</b>		<b>Phase I</b>			
Doors on north wall	- Loading area		\$ 4,660.00		
Remove closet door			\$ 80.00		
Ceiling tile			\$ 1,430.00		
Lowering ceiling - breakroom and back ro			\$ 2,206.00		
Aluminum railing			\$ 3,390.00		
NW entry door			\$ 630.00		
Dumpster and permit			\$ 300.00		
Total			\$ 12,696.00		
<b>HVAC &amp; Plumbing:</b>					
Central AC			\$ 4,400.00		
Furnace			\$ 4,800.00		
Total			\$ 9,200.00		
<b>Electrical:</b>					
Exit signs			\$ 450.00		
Basement light fixture			\$ 30.00		
North wall fixture to junction			\$ 10.00		
Smoke alarms/CO Detector			\$ 350.00		
Extra outlets including sump			\$ 450.00		
State Electrical Inspector			\$ 31.00		
Total			\$ 1,321.00		
<b>Plumbing</b>					
TPR valve			\$ 100.00		
Toilet ring			\$ 180.00		
Sump pump installed			\$ 900.00		
Total			\$ 1,180.00		
<b>Masonry</b>					
Lay new NW entry walk			\$ 2,500.00		
Accepted carpentry estimate			\$ 12,696.00		
Accepted HVAC			\$ 9,200.00		
Accepted electrical			\$ 1,321.00		
Accepted plumbing			\$ 1,180.00		
Accepted masonry			\$ 2,500.00		
Total accepted bids			\$ 26,897.00		
70% grant		<b>Grant balance is \$18,277.00</b>	\$ 16,449.00		SCDG
10% loan @ 1% interest			\$ 1,828.00		GROW portion
Owner's share			\$ 8,620.00		GROW portion
<b>Phase II - 2 offices (8x10), conference room (14x10), flooring in breakroom</b>					
new countertop, double stainless steel sink, enclose furnace					
(no electrical)					
				14,300.00	GROW portion
			Sub-total	\$ 24,748.00	
			Contingency	2,474.80	
			<b>Est. Total</b>	<b>\$ 27,222.80</b>	<b>GROW Est. Total</b>
			Grant	16,449.00	
			Project Toal	\$ 43,671.80	



# Request for Board Action

BOARD MEETING DATE:  
April 7th, 2020

## Commissioner's Report

### Department Information

ORIGINATING DEPARTMENT: Highway	REQUESTOR: Andrew Sander	REQUESTOR PHONE: (320) 842-5251
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### Agenda Item Details

BRIEF DESCRIPTION OF YOUR REQUEST: Approval to purchase one Tractor Backhoe to replace unit 78.	
AGENDA YOU ARE REQUESTING TIME ON: April 7th, 2020	ARE YOU SEEKING APPROVAL OF A CONTRACT? no
IS THIS MANDATED?	EXPLANATION OF MANDATE:
BACKGROUND/JUSTIFICATION: County is Replacing a 2007 Backhoe as part of the equipment replacement budgeted for 2020.	
PREVIOUS ACTION ON REQUEST / OTHER PARTIES INVOLVED?	none

### Budget Information

FUNDING:	County
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### Review/Recommendation

COUNTY ATTORNEY: Danielle Olson	COUNTY ADMINISTRATOR: Kelsey Baker
RECOMMENDATIONS: XXX	RECOMMENDATIONS: XXX
COMMENTS: XXX	COMMENTS: XXX

### Board Action

Motions ___ J Fox   ___ G Hendrickx   ___ E Pederson   ___ P Peterson   ___ E Rudningen
Action Vote

# BACKHOE LOADER

COMPANY	EQUIPMENT	PRICE WITH FREIGHT	TRADE	PRICE WITH FREIGHT
RDO	JOHN DEERE 710L	164,246	27,000	137,246
ZIEGLER CAT	CATERPILLAR 450	164,755	22,000	142,755
ZIEGLER CAT	CATERPILLAR 440	133,667	22,000	111,667
JOHN DEERE	JOHN DEERE 410L	115,683	27,000	88,683

**Budgeted \$100,000**



# Request for Board Action

BOARD MEETING DATE:  
April 7th, 2020

## Commissioner's Report

### Department Information

ORIGINATING DEPARTMENT: Highway	REQUESTOR: Andrew Sander	REQUESTOR PHONE: (320) 842-5251
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### Agenda Item Details

BRIEF DESCRIPTION OF YOUR REQUEST: We advertised to purchase one new self-propelled broom because they are not currently available through the state bid. Approval to purchase one new self-propelled Broom (Replace unit 58)	
AGENDA YOU ARE REQUESTING TIME ON: April 7, 2020	ARE YOU SEEKING APPROVAL OF A CONTRACT? no
IS THIS MANDATED?	EXPLANATION OF MANDATE:
BACKGROUND/JUSTIFICATION: County is replacing a 2007 Broom as part of the equipment replacement budgeted for 2020	
PREVIOUS ACTION ON REQUEST / OTHER PARTIES INVOLVED? none	

### Budget Information

FUNDING:	County
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### Review/Recommendation

COUNTY ATTORNEY: Danielle Olson	COUNTY ADMINISTRATOR: Kelsey Baker
RECOMMENDATIONS: XXX	RECOMMENDATIONS: XXX
COMMENTS: XXX	COMMENTS: XXX

### Board Action

Motions ___ J Fox    ___ G Hendrickx    ___ E Pederson    ___ P Peterson    ___ E Rudningen
Action Vote

## Self Propelled Broom

COMPANY	EQUIPMENT	PRICE WITH FREIGHT	TRADE	PRICE WITH FREIGHT
<b>RDO</b>	<b>2020 SUPERIOR BROOM DT74J</b>	<b>57,353</b>	<b>6,000</b>	<b>52,853</b>
Road Machinery & Supplies Co.	2020 Broce RCT350 Broom	57,655	3,500	54,955
Ruffridge-Johnson Equipment Co. Inc.	2020 RB50 Rosco Broom	74,953	2,800	72,153

## Low Hour Used Self Propelled Broom

COMPANY	EQUIPMENT	PRICE WITH FREIGHT	TRADE	PRICE WITH FREIGHT
Road Machinery & Supplies Co.	2018 Broce RCT350 Broom (790 hr)	39,500	3,500	36,800

Budget \$60,000

Prices are Not From State Bid



# Request for Board Action

BOARD MEETING DATE:  
April 7th, 2020

## Commissioner's Report

### Department Information

ORIGINATING DEPARTMENT: Highway	REQUESTOR: Andrew Sander	REQUESTOR PHONE: (320) 842-5251
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### Agenda Item Details

BRIEF DESCRIPTION OF YOUR REQUEST: Resolution for Final Haul Road Release CR 51. The county engineer inspected County Road 51 and is recommending the release of RTS Shearing LLC from the 2016 haul road agreement.	
AGENDA YOU ARE REQUESTING TIME ON: April 7th, 2020	ARE YOU SEEKING APPROVAL OF A CONTRACT? no
IS THIS MANDATED? no	EXPLANATION OF MANDATE:
BACKGROUND/JUSTIFICATION: RTS Shearing LLC has completed the Marsh Lake project and request a release from the county board for County Road 51 from TH 119 to TH 7.	
PREVIOUS ACTION ON REQUEST / OTHER PARTIES None	

### Budget Information

FUNDING:
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### Review/Recommendation

COUNTY ATTORNEY: Danielle Olson	COUNTY ADMINISTRATOR: Kelsey Baker
RECOMMENDATIONS: XXX	RECOMMENDATIONS: XXX
COMMENTS: XXX	COMMENTS: XXX

### Board Action

Motions ___ J Fox ___ G Hendrickx ___ E Pederson ___ P Peterson ___ E Rudningen
Action Vote

**HAUL ROAD AGREEMENT**

This agreement is entered into by and between Board of Commissioners of Swift County hereinafter referred to as OWNER and RTS Shearing, LLC, PO Box 1177, Jamestown, ND 58402 hereinafter referred to as CONTRACTOR in consideration of mutual covenants contained herein.

It is agreed to by and between the parties that the CONTRACTOR is allowed to use, as and for, the roads listed below, to haul materials to and from the areas referenced below. The roads included are:

Swift County Road #51

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Restrictions on the use of this road are as follows:

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It is agreed that the maintenance and restoration of this haul road will conform with the specifications as set forth by the state of MN, as well as meet other requirements set forth in this agreement.

It is agreed that while using this haul road, the speed limit for trucks will be posted mph with a posted pound limit on this road. During annual road restrictions, this agreement is null and void unless otherwise stated above under special restrictions.

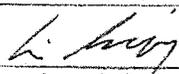
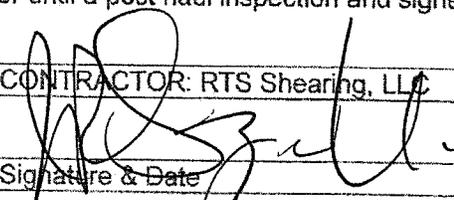
The CONTRACTOR agrees to be financially responsible to the OWNER for the maintenance and restoration of the haul road for damage directly attributable to hauling of materials, transporting and traversing of equipment by the CONTRACTOR or its Subcontractors in accordance with the above referenced specifications.

It is agreed that the above referenced stretch of road will be subject to a pre-haul inspection by the CONTRACTOR and the OWNER. There will also be a post-haul inspection after the road has been restored. The OWNER agrees to sign off on a haul road release statement once the road has been satisfactorily restored.

In cases where replacement of grass is appropriate the CONTRACTOR agrees to seed it once with a local CRP mix. In no instance will grass be replaced with sod, and once seeded the OWNER accepts full responsibility for maintenance of said grass. No warranty is made regarding the replacement of grass. Once seeded, the grass will be deemed satisfactorily restored.

While hauling is in progress, if the OWNER believes that there is substantial evidence of damage occurring to the road, the OWNER will notify the CONTRACTOR on-site supervision immediately. In this instance, the CONTRACTOR will cease hauling until the situation can be satisfactorily addressed.

The hauling of materials on the haul road is expected to commence on or after 15 MAY 2017 This agreement will be in effect until a projected date of 18 NOV 2018, or until a post haul inspection and signed release form have been completed.

OWNER: Swift County	CONTRACTOR: RTS Shearing, LLC
 June 6, 2017	
Signature & Date	Signature & Date
Eric Rudningen, Swift County Board Chair	Jerry R Szackowski, CEO
Printed Name & Title	Printed Name & Title

# RESOLUTION 20-04-21

## SWIFT COUNTY

WHEREAS; on March 20, 2020 an inspection was completed by Andrew Sander, the Swift County Engineer of County Road 51, from TH 7 on the north end to TH 119 on the east end, and

WHEREAS; RTS Shearing LLC has completed the requirement to return the road surfaces to pre-haul road condition after use on the 2016 Marsh Lake Project, and

WHEREAS; the county engineer recommends that County Road 51 has been returned to its preconstruction state and RTS Shearing LLC should be released from any further maintenance of said road.

THEREFORE; The Swift County Board of Commissioners release RTS Shearing LLC from any further need for maintenance of County Road 51 as per the attached agreement.

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Swift County Chairman

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Date

---

Swift County Administrator

---

Date



150 South Fifth Street  
Suite 3300  
Minneapolis, MN 55402

(800) 851-2920  
(612) 851-5906  
Fax (612) 851-5917

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**DATE:** April 7, 2020

**TO:** Honorable Gary Hendrickx, Chair & Members of the County Board  
Ms. Kelsey Baker, Administrator  
Ms. Kim Saterbak, Auditor  
Swift County

**FROM:** George Eilertson, Managing Director  
Northland Securities

Handwritten initials "GE" in black ink.

**RE:** Swift County Benson Hospital – Refinance of Bremer Bank Notes

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At the March 30, 2020 joint meeting of the City of Benson, Swift County and the Swift County Benson Hospital, the Swift County Board of Commissioners approved a Motion to support the issuance of refunding bonds. The new refunding bonds would be issued by the Swift County Benson Hospital and credit supported by a general obligation pledge of Swift County. The bond issue would refund the 2018 Notes held by Bremer Bank that were originally issued to finance the construction/renovation of Scandi Haven Village.

Following is a breakdown of project costs related to the refunding of the 2018 Bremer Notes:

Principal balance Bremer Note #1	635,850.61
Accrued interest Bremer Note #1	3,159.29
Call Premium Note #1	18,955.92
Principal balance Bremer Note #2	6,680,383.14
Accrued interest Bremer Note #2	33,192.33
Call Premium Note #2	200,205.24
Est. Costs of Issuance	158,253.47
Estimated Total Bond Issue	7,730,000.00

Please let me know if you have any questions regarding the 2018 Bremer Notes or the possible new refunding bonds.

Thank you.

## LOAN AGREEMENT

THIS LOAN AGREEMENT, made as of February 23, 2018 between Residential Options, a Minnesota nonprofit corporation, d/b/a Scofield Place ("Borrower") and Bremer Bank, National Association, a national banking association ("Bank").

### RECITALS:

WHEREAS, the Borrower has requested extensions of credit from the Bank, the proceeds of which are to be used for the construction of an addition and renovation to Scofield Place, a senior housing facility ("Project") located in Benson, Minnesota ("City"); and

WHEREAS, the Bank is willing to agree to provide the requested credit to the Borrower to complete the Project on the terms and conditions provided herein.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. Documents Delivered by the Borrower. To induce the Bank to commit to make the requested loan and as a condition to any advance to the Borrower, the Borrower shall, on the date hereof or such other date as may be specified below, deliver to Bank the following, all of which shall be in form and substance acceptable to the Bank, in the exercise of its sole discretion ("Loan Documents"):

1.1 Note. The Borrower's Promissory Note dated of even date herewith in the amount of \$6,704,000.00 payable to the Bank in the form of **Exhibit A** attached hereto ("Note").

1.2 Note II. The Borrower's Promissory Note dated of even date herewith in the amount of \$648,000.00 payable to the Bank in the form of **Exhibit B** attached hereto ("Note II").

1.3 Disbursement Agreement. A Disbursement Agreement executed by the Borrower, the Bank and Kandiyohi Abstract Co., a Minnesota corporation, d/b/a Kandiyohi Abstract & Title Co. ("Title") stating the conditions to disbursement of the Note ("Disbursement Agreement").

1.4 Guaranties.

(a) An Unconditional Guarantee ("Benson Hospital Guaranty") of Borrower's obligations under the Note executed and delivered by Swift County-Benson Hospital, a hospital district established pursuant to Minnesota Statutes ("Benson Hospital").

(b) Upon completion of the Project, an Unconditional Guarantee ("USDA Guaranty") of Borrower's obligations under the Note executed and delivered by the United States Department of Agriculture ("USDA"; Benson Hospital and USDA hereinafter individually referred to as a "Guarantor" and collectively, the "Guarantors") pursuant to the Conditional Commitment, as defined below.

(c) A Guaranty ("Note II Guaranty"; Benson Hospital Guaranty, USDA Guaranty and Note II Guaranty hereinafter collectively referred to as the "Guaranties") of Borrower's obligations under Note II executed and delivered by Benson Hospital.

#### 1.5 Mortgages.

(a) A First Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement ("First Mortgage") in favor of the Bank covering the real property owned by the Borrower and legally described on **Exhibit C** attached hereto ("Property") to secure Borrower's obligations under the Note.

(b) A Second Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement ("Second Mortgage"; First Mortgage and Second Mortgage hereinafter collectively referred to as the "Mortgages") in favor of the Bank covering the Property to secure Borrower's obligations under Note II.

#### 1.6 Assignments of Leases and Rents.

(a) A First Assignment of Leases and Rents ("First Assignment") in favor of the Bank covering the Property to secure Borrower's obligations hereunder and under the Note.

(b) A Second Assignment of Leases and Rents ("Second Assignment"; First Assignment and Second Assignment hereinafter collectively referred to as the "Assignments") in favor of the Bank covering the Property to secure Borrower's obligations hereunder and under Note II.

1.7 Fixture Financing Statement. UCC-1 Fixture Financing Statement for filing in such office as the Bank may deem necessary or desirable.

1.8 Title Insurance Commitments. Commitments from Title, as agent for Old Republic National Title Insurance Company, to issue an ALTA-2006 Mortgagee's policies of title insurance which commitments insure the Bank's first and second mortgage lien position on the Property and contains only such

exceptions as may be acceptable to the Bank and is in compliance with **Exhibit D** attached hereto, along with an insured closing letter.

1.9 Management Agreement. An executed copy of the management agreement by and between the Borrower and Progressive Care, LLC, a Minnesota limited liability company ("Management Agreement").

1.10 Assignment Management Agreement. An Assignment of Management in form provide by the Bank executed by the Borrower and consented to by Progressive Care, LLC, a Minnesota limited liability company.

1.11 Appraisal. A current appraisal of the Property and the Project prepared in accordance with FIRREA and acceptable to the Bank.

1.12 Certified Survey. A survey of the Property and the Project conducted and certified in accordance with the requirements outlined on **Exhibit E** attached hereto.

1.13 Standard Flood Hazard Determinations. Evidence that the Property is not located in a flood plain.

1.14 Zoning Letter. Letters from the City or the appropriate authorities confirming that the Property has been zoned appropriately for its use.

1.15 Assignment. An Assignment of Permits and Commitments, Contracts, Plans and Specifications, together with acknowledgments therefor on the forms provided by the Bank.

1.16 Phase I Environmental Report. A Phase I Environmental Report on the Property and the Project completed by an engineer acceptable to the Bank which discloses no existing or potential hazardous waste or environmental concerns.

1.17 Soil Report. A written report from a soils engineer that the soil conditions at the Project site will support the planned improvements without soil correction.

1.18 Certificate of Hazardous Waste. An executed Certificate of Hazardous Waste in the form attached hereto as **Exhibit F**.

1.19 Insurance Certificate. Certificate of insurance (ACORD Form 28) evidencing a policy or policies of insurance covering the Borrower's operations, the Property as required by Section 4.2 of this Agreement, such policy to insure against all risks, name the Bank as mortgagee-loss payee on all property policies and an additional insured as to all liability policies.

1.20 Certificate of Good Standing/Certificate of Assumed Name. A current Certificate of Good Standing and Certificate of Assumed Name for the Borrower issued by the Minnesota Secretary of State.

1.21 Certificates of Authority/Authorization Documents.

(a) Certificates of Authority executed by the Borrower and Benson Hospital in the form of **Exhibit G** and **Exhibit G-1** attached hereto, along with copies of each entities organizational documents.

(b) Evidence acceptable to the Bank authorizing the USDA to execute, deliver and perform its obligations under its Guaranty.

1.22 Conditional Commitment. A Conditional Commitment executed by the Borrower and the USDA regarding the execution and delivery of the USDA Guaranty ("Conditional Commitment").

1.23 Market Plan. An Affirmative Fair Housing Market Plan in form acceptable to the Bank and the USDA, as required pursuant to the Conditional Commitment.

1.24 Tenant Documents. A final tenant list with term and effective dates of leases, along with a copy of a blank lease agreement for the Property and matching income projections in form acceptable to the Bank and the USDA, as required pursuant to the Conditional Commitment.

1.25 Financial Statements. Current financial statements of the Borrower in form and substance acceptable to the Bank.

1.26 Opinion of Counsel. An opinion of Borrower's and Guarantors' counsel in substantially the form of **Exhibit H** attached hereto or as otherwise acceptable to the Bank.

1.27 Searches. Complete and current UCC and State and Federal Tax Lien Searches of the Borrower in such offices and in such jurisdictions as the Bank may require.

1.28 Compliance Agreement. A Compliance Agreement executed by the Borrower in the form provided by the Bank.

1.29 Equity Contribution. Evidence satisfactory to the Bank that the Borrower has used not less than \$1,765,843.00 of equity funds towards the construction of the Project.

1.30 Songsted Loan. Executed copies of the loan documents by and between the Borrower and Songsted Foundation in connection with a loan to

Borrower in the amount of \$750,000.00, all in form and substance acceptable to the Bank ("Songsted Loan").

1.31 Grant Documents. Executed copies of the grant documents in connection with funds on the amount of \$425,000.00 available to Borrower, which constitute a part of Borrower's equity funds required pursuant to Section 1.29 hereof, all in form and substance acceptable to the Bank.

2. Commitment of Bank.

2.1 Advancing Loans. When the Borrower has submitted all documentation required by Section 1 hereof in form and substance acceptable to the Bank on or before the date specified for such delivery and subject to compliance with all of the conditions hereof and in accordance with the Disbursement Agreement, from and after the date hereof to and including February 23, 2019, the Bank shall make at Borrower's request in accordance with this Section 2 and subject to compliance with all the terms and conditions hereof, advances against the Note and Note II (hereinafter collectively referred to as the "Notes"), to fund construction of the Project in accordance with the Plans (as defined in the Disbursement Agreement), provided however, that in no event shall the cumulative amount of advances against the Notes exceed the sum of \$7,352,000.00 ("Maximum Borrowings"). Notwithstanding anything to the contrary contained herein, all advances shall be made first against the Note until the same is fully advanced and thereafter against Note II.

2.2 Borrowing Procedure. The Borrower may request an advance against the Notes any time prior to February 23, 2019 by submitting to the Bank at least five (5) business days before the date of any requested advance, a written request for advance delivered to the Bank and Title specifying the use to which the proceeds of such advance will be put and certifying that such amounts are currently payable (excluding retainage, if any), for costs incurred with the development of the Project for which the advance is to be made. Not more than one (1) request shall be made per month. The request for advance shall be supported by:

(a) written certification from the Borrower that: (i) the work to be paid for with the proceeds of the requested advance has been completed in a good and workmanlike manner or the costs to be paid for with such proceeds have been actually incurred by the Borrower; and (ii) confirming the percentage of the entire Project that has been completed through the date the work to be funded with the proceeds of the requested advance has been completed.

(b) The Borrower's written certification that the funds remaining undisbursed against the Notes, less interest payments due through completion of the Project are sufficient to fully complete the improvements

in accordance with the Plans and the Sworn Construction Cost Statement (as defined in the Disbursement Agreement); and

(c) The Borrower's written certification that the work on the Project is progressing in a timely fashion.

Within ten (10) business days from receipt of such request and certifications, the Bank shall advance to Title amounts certified by the Borrower to be currently payable, provided that the Bank shall have the right, at its option, to refuse to make advances should it determine that an uncured Event of Default has occurred as defined in Section 6 hereof.

2.3 Disbursement of Loan Proceeds. All disbursements against the Notes shall be made pursuant to the Disbursement Agreement.

2.4 No Change in Title. Title shall not disburse any advances against the Notes if there have been any changes in the status of title as set forth in the mortgagee's policy of title insurance which have not been consented to in writing by Bank. Title shall in any event promptly notify Bank of any change in the status of title to the Project.

2.5 Bank's Right to Make Advances. If interest has accrued on the Notes and is unpaid or if fees are payable to Bank or if real estate taxes on the Project are not paid within ten days prior to the date such taxes are due, Bank shall be, and hereby is, authorized to advance itself, against the Notes, the total amount of such accrued interest, fees and taxes (whether or not a request for advance has been submitted by Borrower) and the same shall be deemed to be an advance of the proceeds from the Notes under this Agreement in the same manner and with the same effect as if advanced under the provisions of this Section 2, it being understood and agreed that Bank may make such advances to itself for accrued interest and fees as long as the total amount of interest and fees paid to Bank does not exceed the amount set forth therefor on the Sworn Construction Cost Statement.

2.6 Forms. The form of request for advance, mechanic's lien waivers, certificates and any and all other instruments or documents required to be delivered in connection with an advance hereunder shall be in form and substance reasonably satisfactory to Bank and Title.

2.7 Conditions Precedent to All Advances. The obligation of the Bank to make any advances against the Notes shall be subject to the further conditions precedent that on the date of such advance the following statements shall be true (the receipt by the Borrower of the proceeds of such advance shall be deemed to constitute a representation or warranty by the Borrower that such statements are true):

(a) The representations and warranties contained in Section 3 hereof are correct on and as of the date of such advance as though made on or as of such date; and

(b) No Event of Default, as hereinafter defined, has occurred and is continuing, or would result from such advance and no event has occurred which with the giving of notice or passage of time or both would mature into an Event of Default hereunder.

## 2.8 Fees.

(a) Late Fees. The Borrower agrees to pay a late payment service charge in an amount equal to five percent (5.0%) of any installment of principal or interest (excluding any final installment) not received by the Bank within ten (10) days of the date due.

(b) Origination Fees.

(i) The Borrower shall pay the Bank a non-refundable origination fee equal in the sum of \$33,520.00 in connection with the Note payable on the date of this Agreement.

(ii) The Borrower shall pay the Bank a non-refundable origination fee equal in the sum of \$3,240.00 in connection with Note II payable on the date of this Agreement.

(c) USDA Fee. The Borrower shall pay the USDA a non-refundable fee in the amount of \$140,784.00 on the date of this Agreement.

2.9 Interest and Payments. Interest shall accrue and payments shall be payable as provided in the Notes.

## 2.10 Maturity.

(a) All unpaid principal of the Note and all interest accrued thereon shall be due and payable in full on February 1, 2049.

(b) All unpaid principal of Note II and all interest accrued thereon shall be due and payable in full on February 1, 2030.

2.11 Computations. Interest on the Notes is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under the Notes are computed using this method.

## 2.12 Prepayment.

(a) From and after February 23, 2018, the Note may be prepaid in whole or in part at any time, but any prepayment during the first, sixth, eleventh, sixteenth, twenty-first and twenty-sixth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to five percent (5%) of the outstanding balance of the Note at the time of such prepayment. Any prepayment during the second, seventh, twelfth, seventeenth, twenty-second and twenty-seventh Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to four percent (4%) of the outstanding balance of the Note at the time of such prepayment. Any prepayment during the third, eighth, thirteenth, eighteenth, twenty-third and twenty-eighth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to three percent (3%) of the outstanding balance of the Note at the time of such prepayment. Any prepayment during the fourth, ninth, fourteenth, nineteenth, twenty-fourth and twenty-ninth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to two percent (2%) of the outstanding balance of the Note at the time of such prepayment. Any prepayment during the fifth, tenth, fifteenth, twentieth, twenty-fifth and thirtieth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to one percent (1%) of the outstanding balance of the Note at the time of such prepayment. No prepayment premium shall be payable during the sixty (60) day period prior to the beginning of the sixth, eleventh, sixteenth, twenty-first and twenty-sixth Loan Year. For the purposes hereof, "Loan Year" shall mean a twelve (12) month period commencing on February 23, 2018 or any anniversary date of February 23, 2018 and shall be designated consecutively as one (1) through thirty (30). All prepayments are to be applied first to accrued interest and then to the unpaid principal installments of the Note in the reverse order of their maturity. Any payment made following acceleration of the Note after the occurrence of an Event of Default shall constitute a prepayment for the purposes of this paragraph.

(a) From and after February 23, 2018, Note II may be prepaid in whole or in part at any time, but any prepayment during the first and sixth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to five percent (5%) of the outstanding balance of Note II at the time of such prepayment. Any prepayment during the second and seventh Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to four percent (4%) of the outstanding balance of Note II at the time of such prepayment. Any prepayment during the third and eighth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium

equal to three percent (3%) of the outstanding balance of Note II at the time of such prepayment. Any prepayment during the fourth and ninth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to two percent (2%) of the outstanding balance of Note II at the time of such prepayment. Any prepayment during the fifth and tenth Loan Year shall be conditioned upon payment by the Borrower of a prepayment premium equal to one percent (1%) of the outstanding balance of Note II at the time of such prepayment. No prepayment premium shall be payable during the sixty (60) day period prior to the beginning of the sixth Loan Year. For the purposes hereof, "Loan Year" shall mean a twelve (12) month period commencing on February 23, 2018 or any anniversary date of February 23, 2018 and shall be designated consecutively as one (1) through ten (10). All prepayments are to be applied first to accrued interest and then to the unpaid principal installments of Note II in the reverse order of their maturity. Any payment made following acceleration of Note II after the occurrence of an Event of Default shall constitute a prepayment for the purposes of this paragraph.

3. Representations and Warranties. The Borrower represents and warrants that:

3.1 Organization, Qualification and Authorization. The Borrower is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota; has the power and authority to own its property and to carry on its business as now being conducted; and are duly qualified and licensed to do business, and are in good standing, in every jurisdiction in which the nature of the business in which they are engaged makes such qualification or licensing necessary, except for those jurisdictions where its failure to be qualified, licensed or in good standing would not have a material adverse effect on its business or property.

3.2 Validity of Obligations. The Borrower has full power, right and authority to execute and deliver this Loan Agreement, the Notes and all other documents and agreements required to be delivered by the Borrower hereunder, to obtain the credit herein provided for, and to perform and observe each and all of the matters and things provided for in the Loan Documents. The execution and delivery of the Loan Documents and the performance or observance of the terms thereof have been duly authorized by all necessary corporate action and does not contravene or violate any provision of law or any charter or bylaw provision or any covenant, indenture or agreement of or binding upon the Borrower, nor require the consent or approval of any governmental entity or agency thereof.

3.3 Title to Assets. The Borrower has good and marketable title to all of its property and assets reflected in its balance sheet delivered to the Bank,

subject to the encumbrances as therein detailed or disclosed and the encumbrances permitted by the Mortgages.

3.4 Litigation. No actions, suits or proceedings are pending or, to the Borrower's knowledge, threatened, against or affecting it before any court, governmental or administrative body or agency which might result in any material adverse change in the operations, business property, assets or condition (financial or otherwise) of the Borrower, or which would question the validity of this Agreement or of any action taken or to be taken by Borrower pursuant to or in connection with this Agreement.

3.5 No Events of Default. No Event of Default as hereinafter defined has occurred and is continuing as of the date hereof and no event has occurred and is continuing which would be an Event of Default with notice, lapse of time or both.

3.6 Disability Law Compliance. The Property, when substantially completed, will comply with, and at all times hereafter will comply with the requirements of the Americans with Disabilities Act of 1990 and all other applicable state and federal laws imposing disability or accessibility requirements upon the Borrower and or the Property and the Project.

3.7 Use of Proceeds. The Borrower shall use the proceeds of each advance against the Notes to pay costs and expenses for improvements to the Project to which the advance relates.

3.8 Operating Licenses/Permits. The Borrower is licensed to operate the Property as an assisted living facility under the provisions of Minnesota Statutes, and will operate the Property in full compliance with the requirements of such Minnesota Statutes and will any and all other licenses and permits necessary to operate the Property ("Licenses and Permits").

3.9 Nonprofit Corporation. Borrower is a nonprofit corporation and is qualified as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code.

3.10 Compliance. Borrower has or will comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs.

4. Affirmative Covenants. The Borrower covenants and agrees with the Bank that so long as any amount remains unpaid on the Notes, or the Bank has any obligation to advance against the Notes, the Borrower will:

4.1 Maintain Assets. Maintain and keep its assets, properties and equipment in good repair, working order and condition and from time to time make or cause to be made all needed renewals, replacements and repairs so that at all times the Borrower's business can be operated efficiently.

4.2 Insurance. Insure and keep insured all of its property of an insurable value in accordance with the requirements listed on **Exhibit I** attached hereto.

4.3 Financial Statements. Furnish to the Bank:

(a) As soon as available but in no event later than one hundred fifty (150) days after the end of each fiscal year of the Borrower, Borrower's audited balance sheet, income statement and profit and loss statement for the year ended, all prepared by a certified public accountant and in accordance with generally accepted accounting principles and in compliance with OMB Circulars A-128 or A-133.

(b) As soon as available but in no event later than one hundred fifty (150) days after the end of each fiscal year of the Borrower, Benson Hospital's audited balance sheet and income statement for the year ended, all prepared by a certified public accountant and in accordance with generally accepted accounting principles.

(c) As soon as available but in no event later than forty-five (45) days after the end of each month, Borrower's internally prepared balance sheet and profit and loss statements for the period ended.

(d) If requested by the Bank, Borrower's annual budget in form and substance acceptable to the Bank.

(e) Such other information as the Bank may reasonably request from time to time.

4.4 Access to Property and Records. Permit any person designated by Bank or USDA, at Bank's expense, to visit and inspect the Property, any of its properties, books and financial records and to discuss the Borrower's affairs, finances and accounts with the Borrower, all at such reasonable times and as often as Bank may reasonably request.

4.5 Taxes, Assessments and Charges. Promptly pay over to the appropriate authorities all sums for taxes deducted and withheld from wages as well as the employer's contributions and other governmental charges imposed upon or asserted against the Borrower's income, profits, properties and rental charges or otherwise which are or might become a lien charged upon the Borrower's properties, unless the same are being contested in good faith by

appropriate proceedings and adequate reserves shall have been established on the Borrower's books with respect thereto.

4.6 Notification of Changes. Promptly notify the Bank of:

(a) Any litigation which might materially and adversely affect the Borrower or any of its properties;

(b) The occurrence of any Event of Default under this Agreement or any event of which the Borrower has knowledge and which, with the passage of time or giving of notice or both, would constitute an Event of Default under this Agreement.

(c) Any material adverse change in the operations, business, properties, assets or conditions, financial or otherwise, of the Borrower which could adversely and materially affect the Borrower's ability to perform its obligations under the Loan Documents.

(d) Any notice of investigation, suspension or revocation of the Licenses and Permits if such adverse findings cannot be corrected within thirty (30) days.

4.7 Nonprofit/Corporate Existence. Maintain its nonprofit corporate existence and qualification as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and conduct the same general type of business as is now being carried on and continue compliance with all applicable statutes, laws, rules and regulations.

4.8 Books and Records. Keep true and accurate books of records and accounts in accordance with generally accepted accounting principles.

4.9 Reimbursement of Expenses. Promptly reimburse Bank for any and all reasonable expenses, fees and disbursements, including attorneys' fees, incurred in connection with the preparation and performance of this Agreement and the instruments and documents related thereto, and all expenses of collection of any loans made or to be made hereunder, including reasonable attorneys' fees.

4.10 Maintain Accounts. Maintain a depository account with the Bank.

4.11 Pension Plans. Maintain all pension, profit sharing and similar benefit plans in strict compliance with the Employee Retirement Income Security Act of 1974, as amended.

4.12 Debt Service Coverage Ratio. Maintain a minimum Debt Service Coverage Ratio of not less than 1.20 to 1.0 as of the end of each fiscal year for

the fiscal year then ended commencing with fiscal year ending December 31, 2020.

For the purposes hereof,

“Debt Service Coverage Ratio” shall mean the ratio of Cash Available for Debt Service to Debt Service.

“Cash Available for Debt Service” shall mean for any period, the Borrower’s change in unrestricted net assets net of unrealized gains or losses on investments, plus the sum of (i) interest expense; plus (ii) depreciation, amortization and other non-cash expenses, all determined in accordance with generally accepted accounting principles consistently applied.

“Debt Service” shall mean for any period, the sum of (i) all obligations of the Borrower for interest on its indebtedness; plus (ii) all obligations of the Borrower for payment of principal on its indebtedness within such fiscal year, all determined in accordance with generally accepted accounting principles consistently applied.

4.13 Adjusted Debt Service Coverage Ratio. Maintain a minimum Adjusted Debt Service Coverage Ratio of not less than 1.0 to 1.0 as of the end of each fiscal year for the fiscal year then ended commencing with fiscal year ending December 31, 2020.

For the purposes hereof,

“Adjusted Debt Service Coverage Ratio” shall mean the ratio of Adjusted Cash Available for Debt Service to Debt Service.

“Adjusted Cash Available for Debt Service” shall mean for any period, the Borrower’s change in unrestricted net assets net of unrealized gains or losses on investments, plus the sum of (i) interest expense; plus (ii) depreciation, amortization and other non-cash expenses; less (iii) all dividends and distributions, all determined in accordance with generally accepted accounting principles consistently applied.

“Debt Service” shall have the meaning specified in Section 4.12 hereof.

4.14 Maximum Indebtedness/Tangible Net Worth. Maintain at all times a ratio of its Indebtedness to Tangible Net Worth of not greater than 3.75 to 1.0 as of the end of each fiscal year for the fiscal year then ended commencing with fiscal year ending December 31, 2019.

For the purposes hereof,

"Indebtedness" shall mean all liabilities, indebtedness and obligations that would be shown as liabilities on Borrower's balance sheet prepared in accordance with generally accepted accounting principles, excluding all indebtedness of Borrower (determined in accordance with generally accepted accounting principles) that has been subordinated to Borrower's obligations to the Bank on the terms and conditions accepted by the Bank in writing ("Subordinated Debt").

"Tangible Net Worth" shall mean the sum of (i) Borrower's total assets excluding all intangible assets (i.e. goodwill, trademarks, patents, copyrights, organizational expenses, amounts due from related parties and affiliates and similar intangible items determined by the Bank in its sole discretion, but including leaseholds and leasehold improvements), all determined in accordance with generally accepted accounting principles; less (ii) Indebtedness.

4.15 Days Cash on Hand. Cause Benson Hospital to maintain not less than 90 Days Cash on Hand as of the end of each fiscal year commencing with fiscal year ending December 31, 2019. For the purposes hereof, "Days Cash on Hand" shall mean the result obtained by dividing Unrestricted Liquidity by the quotient obtained by dividing total annual operating expenses, prior to depreciation and amortization, by 365. For purposes hereof, "Unrestricted Liquidity" means cash, cash equivalents and marketable securities that are not temporarily or permanently restricted. The calculation for any fiscal year shall be made on the basis of the audited financial statements of Benson Hospital for such fiscal year.

4.16 Loan in Balance. If at any time prior to completion of the improvements to the Project, the amount remaining to be advanced against the Notes appears to Bank to be insufficient to pay for completion of such improvements, deposit with Bank within ten (10) days after the demand therefor, the amount of money which Bank, in its reasonable discretion, determines is needed to cover such insufficiency.

4.17 Advance Limitation. All requests for advances against the Notes shall be for costs associated with constructing the improvements for the Project in accordance with the Plans, including soft costs such as, but not limited to, architectural, engineering, financing, legal fees, and other pre and post-construction expenses and Borrower's overhead costs as shown on the Sworn Construction Cost Statement delivered pursuant to the Disbursement Agreement.

4.18 Licenses and Permits. Maintain all Licenses and Permits in good standing.

4.19 Completion of the Project. Complete the Project in a good and workman like manner in accordance with the Plans by the earlier of: (a) date which is the first day of the month next following the final advance against the Notes; and (b) February 28, 2019 (such date hereinafter referred to as the "Completion Date"). The Borrower shall also provide to the Bank on or before the Completion Date, the following:

(a) a certificate from the Project architect confirming that the Project has been completed in accordance with the Plans; and

(b) a copy of the final unconditional Certificate of Occupancy for the Project issued by the City; and

(c) evidence acceptable to the Bank that the complete Project is in compliance with the City's zoning ordinances.

(d) an "as built" survey of the Property reflecting completion of the Project in compliance with all variances, setback, zoning and other requirements and showing no encroachments of any kind; and

(e) an endorsement to the Bank's title insurance policy bringing the effective date of the policy and its provisions forward to the Completion Date and confirming the Bank's first and second priority mortgage liens on the Property under the Mortgages; and

(f) executed copies of the loan documents by and between the Borrower and Rural Electric Economic Development, Inc. ("REED") in connection with a loan to Borrower in the amount of \$1,000,000.00, all in form and substance acceptable to the Bank ("REED Fund Loan") and evidence of full funding of the REED Fund Loan; and

(g) a Mortgage Subordination Agreement in the form of **Exhibit J** attached hereto executed by the Borrower, the Bank and REED for the mortgage on the Property in favor of REED in connection with the REED Fund Loan.

4.20 Debt Service Reserve Account. On or before January \_\_, 2019, open and maintain a savings account ("Debt Service Reserve Account") with the Bank to be funded with an initial deposit by Borrower of \$108,580.00. Collected funds in the Debt Service Reserve Account will bear interest at a rate applicable to similar deposits maintained at the Bank. At such time as Borrower demonstrates a Debt Service Coverage Ratio, as defined in Section 4.12 hereof in excess of 1.20 to 1.0 for any fiscal year and so long as no Event of Default has occurred and is continuing hereunder and no event has occurred which with time, notice or both would become an Event of Default and with the consent of the USDA, the Bank shall release to Borrower all amounts in the Debt Service

Reserve Account. The Borrower hereby pledges to, and grants to, the Bank a security interest in the Debt Service Reserve Account and all proceeds thereof, as security for the performance of all obligations now existing or hereafter arising of the Borrower to the Bank under this Agreement or any other Loan Document (collectively the "Obligations"). Neither the Borrower nor any person or entity claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Debt Service Reserve Account except upon the payment of all of the Obligations of the Borrower to the Bank. The Borrower agrees that it will not (a) sell or otherwise dispose of any interest in the Debt Service Reserve Account or any funds held therein, or (b) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to the Debt Service Reserve Account, except as provided in or contemplated by this Agreement.

4.21 Conditional Commitment. Comply with all terms and conditions of the Conditional Commitment.

5. Negative Covenants. The Borrower hereby covenants and agrees with the Bank, that so long as any amount shall remain unpaid on the Notes or so long as Bank has any obligation to make advances hereunder, the Borrower will not:

5.1 Merge, Consolidate or Sell. Merge or consolidate with or into any other entity, or lease or sell all or substantially all of its property or operations to any other entity or entities, other than in the ordinary course of business without prior Bank approval.

5.2 Default on Other Obligations. Default upon or fail to pay any of the Borrower's other debts or obligations as the same mature, unless the same are being contested in good faith by appropriate proceedings and adequate reserves shall have been established with respect thereto.

5.3 Liens and Encumbrances. Except for the collateral securing the REED Fund Loan, create, assume, incur or suffer to exist any pledge, mortgage, assignment or other lien or encumbrance of any kind, or upon any of its property of any kind, whether now owned or hereafter acquired, or of or upon the income or profits therefrom except for:

(a) Liens for taxes, assessments and other governmental charges which are not delinquent or which are being contested in good faith by appropriate proceedings diligently conducted, against which required reserves have been set up;

(b) Liens incurred or deposits made in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other similar laws or to secure the performance of statutory

obligations of a like nature (exclusive of obligations for the payment of money borrowed);

(c) Liens imposed by law in connection with transactions in the ordinary course of business, such as liens of carriers, warehousemen, mechanics and materialmen for sums not yet due or being contested in good faith and by appropriate proceedings diligently conducted, against which adequate reserves have been set up;

(d) Landlords' liens under authorized leases to which the Borrower is a party; and

(e) Zoning restrictions, licenses and minor encumbrances and irregularities in title, all of which in the aggregate do not materially detract from the value of the property involved or materially impair their use in the operation of Borrower's business; and

(f) Liens in favor of the Bank or as disclosed on **Exhibit K**.

5.4 Fiscal Year. Change its fiscal year.

5.5 Amendments.

(a) Amend, modify or waive any term, covenant or condition of the Contracts (as defined in the Disbursement Agreement), without the Bank's prior written consent.

(b) Amend, modify or waive any material term, covenant or condition of the Management Agreement without the Bank's prior written consent.

5.6 Indebtedness. Except for the REED Fund Loan and the Songsted Loan, issue, incur, or permit to exist indebtedness for money borrowed other than the indebtedness hereunder.

5.7 Dividends/Distributions. Make any dividends or distributions in any fiscal year without the Bank's prior written consent.

5.8 Compensation. Pay compensation to Borrower's officers unless (a) an after-tax profit was made in Borrower's preceding fiscal year; (b) the Borrower is and will remain in compliance with all covenants hereunder and under the Conditional Commitment; (c) all of Borrower's debts are paid to a current status; and (d) the Borrower has obtained the prior written consent of the Bank.

5.9 Guarantees. Assume, guarantee, endorse or otherwise become liable for the obligation of any person, firm or corporation except by endorsement

of negotiable instruments for deposit or collection in the ordinary course of business, nor sell any notes or accounts receivable with recourse.

5.10 Capital Expenditures. Make or incur capital expenditures (determined in accordance with generally accepted accounting principles) in excess of \$100,000.00 in any fiscal year unless such expenditures are included in the Project Budget.

5.11 Loans. Make or permit to exist loans or advances to Borrower's stockholders, owners, officers or affiliates without the prior written consent of the Bank.

5.12 Investments. Make or permit to exist any loans or advances to or investments in any person, firm or corporation, or any other entity, other than through the purchase or sale of negotiable instruments without the Bank's prior written consent.

## 6. Defaults.

6.1 Event of Default. Any one or more of the following events shall constitute an Event of Default:

(a) Payment. The Borrower shall fail to pay the Notes upon the terms and conditions therein set forth or fail to pay any fees or expenses payable pursuant hereto and such failure shall continue unremedied for ten (10) days; or

(b) Other Covenants or Agreements Herein. The Borrower or any of the Guarantors shall default in the due performance or observance of any term, covenant or agreement contained in the Contracts (unless such default is disputed by Borrower and adequate reserves therefore have been established at the Bank), this Agreement, the Mortgages, or in any other documents or agreement delivered pursuant hereto or in connection herewith and such default shall continue for a period of thirty (30) days after written notice thereof shall have been given by Bank to the Borrower and the Guarantors; or

(c) Insolvency. The Borrower or any of the Guarantors shall (i) become insolvent or unable to pay its debts generally as they mature, (ii) suspend business, (iii) make a general assignment for the benefit of the creditors, (iv) admit in writing its inability to pay its debts generally as they mature, (v) file a petition in bankruptcy or a petition or answer seeking a reorganization, arrangement with creditors or other similar relief under the Federal bankruptcy laws or under any other applicable law of the United States of America or any State thereof, (vi) consent to the appointment of a trustee or receiver for the Borrower or any of the Guarantors for a

substantial part of its property, (vii) be adjudicated a bankrupt or an involuntary petition in bankruptcy, (viii) take any corporate action for the purpose of effecting or consenting to any of the foregoing, or (ix) have an order, judgment or decree entered appointing, without the Borrower's or any of the Guarantors' knowledge for a substantial part of its property, or approving a petition filed against the Borrower or any of the Guarantors seeking a reorganization, arrangement with creditors or other similar relief under the Federal bankruptcy laws or under any other applicable law of the United States of America or any State hereof, which order, judgment or decree shall not be vacated or set aside or stayed within thirty (30) days from the date of entry; or

(d) Representations and Warranties. If any representation or warranty contained in this Agreement any other document or any letter or certificate furnished or to be furnished to the Bank proves to be false as of the date the Agreement or such documents is executed or at the time such letter or certificate is delivered to Bank; or

(e) Change in Ownership. Ownership of more than 10% of the stock of the Borrower shall change without the Bank's prior written approval; or

(f) Judgments. Judgments against the Borrower or any of the Guarantors the payment of money totaling in excess of \$25,000.00 shall be outstanding for a period of thirty (30) days without a stay of execution; or

(g) Funding Deficiency. If at any time prior to full completion of, and payment for, the Project, the sum of the amount of funds remaining to be advanced against the Notes and undisbursed loan funds becomes, in Bank's reasonable opinion, insufficient for said purpose, and the Borrower does not deposit with Bank funds in the amount of the insufficiency pursuant to Section 4 hereof within ten (10) business days after Bank makes demand therefor; or

(h) Delay in Project. The Project is abandoned or shall be unreasonably delayed or be discontinued for a period of forty-five (45) consecutive calendar days following written notice to the Borrower by the Bank, in each instance for reasons other than acts of God, fire, storm, strikes, blackouts, labor difficulties, riots, inability to obtain materials, equipment or labor, governmental restrictions or any similar cause over which the Borrower is unable to exercise control; or

(i) Revocation of Guaranties. Any of the Guarantors revokes or attempts to revoke their Guaranty; or

(j) Guarantors' Other Obligations. Any of the Guarantors defaults upon or fails to pay any of their other material debts or obligations as the same mature; or

(k) Disbursement Agreement. The Borrower defaults under the terms and conditions of the Disbursement Agreement; or

(l) Management Agreement. A default occurs under the Management Agreement beyond any applicable notice or cure periods; or

(m) Licenses and Permits. Any of the Licenses and Permits are revoked for any reason, and Borrower is no longer contesting the same in good faith by appropriate proceedings; or

(n) USDA Guaranty. The USDA fails to provide the Bank with the USDA Guaranty within One hundred twenty (120) days of the Completion Date.

6.2 Bank's Right on Default. Upon the occurrence of an Event of Default, Bank may, at its option and without notice: (a) refuse to advance against the Notes; (b) accelerate amounts outstanding on the Notes and demand its immediate payment in full; (c) foreclose its mortgage liens on the Property or take such other actions available under the terms of this Agreement, the Mortgages and the documents and agreements delivered pursuant hereto or in connection herewith; or (d) take such other actions as may otherwise be available in equity or at law. All remedies of the Bank shall be cumulative.

## 7. Miscellaneous.

7.1 Binding Effect. The parties hereto agree that this Agreement shall be binding upon and inure to the benefit of their respective successors in interest and assigns including any holder of the Notes, provided, however, that the Borrower may not assign or transfer their interest hereunder without the prior written consent of the Bank.

7.2 Governing Law. This Agreement and the rights and obligations of the parties hereunder and under the Notes, and any other documents delivered herewith shall be construed in accordance with and governed by the laws of the State of Minnesota. The Borrower hereby consents to the jurisdiction of the courts of the State of Minnesota for any actions brought hereon or on the Notes.

7.3 Notices. Any notices required or contemplated hereunder shall be effective upon the placing thereof in the United States mails, certified mail and with return receipt requested, postage prepaid and addressed as follows:

If to Borrower: Residential Options, Inc.

1725 Wisconsin Avenue  
Benson, Minnesota 56215  
Attn: Dan Enderson, CFO

If to Bank: Bremer Bank, National Association  
500 Willmar Avenue SE  
Willmar, Minnesota 56201  
Attn: Randy Zinda

With a Copy to: Christoffel & Elliott, P.A.  
1111 UBS Plaza  
444 Cedar Street  
St. Paul, Minnesota 55101-2129  
Attn: James F. Christoffel

7.4 Offset. The Borrower hereby grants to the Bank a security interest in all accounts of the Borrower with the Bank to secure Borrower's obligations to the Bank under the Notes and hereunder. Upon the occurrence of an Event of Default, Bank is authorized at any time and from time to time without notice to the Borrower or to any other person, any such notice being hereby expressly waived, to set off any and all deposits, and any other indebtedness at any time held or owing by Bank, to or for the credit or the account of the Borrower, against the obligations and liabilities of the Borrower to Bank under this Agreement and the Notes.

7.5 No Waivers. No failure to delay on the part of Bank in exercising any right, power or privilege hereunder and no course of dealing between the Borrower and Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

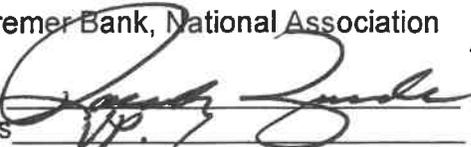
7.6 Headings. The headings of various sections of this Agreement have been inserted for reference only and shall not be deemed to be a part of this Agreement.

7.7 Amendment and Waiver. Neither this Agreement nor any provision hereof may be modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Executed as of the year and day first above written.

Residential Options, Inc., d/b/a Scofield Place

By   
Dan Enderson  
Its Chief Financial Officer

Bremer Bank, National Association  
By   
Its [unclear]

*ko/1218.563-Loan Agreement*

## EXHIBITS

- A. Note
- B. Note II
- C. Legal Description of Property
- D. Title Insurance Requirements
- E. Survey Requirements
- F. Certificate of Hazardous Waste
- G. Certificate of Authority
- G-1. Certificate of Authority – Swift County-Benson Hospital
- H. Form of Opinion of Counsel
- I. Insurance Requirements
- J. REED Mortgage Subordination Agreement
- K. Exceptions to Section 5.3

**EXHIBIT A  
PROMISSORY NOTE**

\$6,704,000.00  
Due: February 1, 2049

Willmar, Minnesota  
February 23, 2018

FOR VALUE RECEIVED, the undersigned, Residential Options, Inc., a Minnesota nonprofit corporation, d/b/a Scofield Place, promises to pay to the order of Bremer Bank, National Association, a national banking association (the "Bank"), at its offices in Willmar, Minnesota, the sum of SIX MILLION SEVEN HUNDRED FOUR THOUSAND AND NO/100THS DOLLARS (\$6,704,000.00), or such lesser sum as may actually be owing under borrowings made pursuant to that certain Loan Agreement dated of even date herewith between the undersigned and the Bank ("Loan Agreement"), with interest on the principal balance from the date hereof calculated as follows:

(a) From the date hereof through February 23, 2024, interest on the outstanding principal balance shall be calculated at a fixed rate per annum at all times equal to five and 77/100<sup>th</sup> percent (5.77%); and

(b) From and after February 23, 2024 and each five (5) year anniversary thereafter (each an "Adjustment Date"), the interest rate on this Note is subject to change from time to time based on changes in an independent index which is 2.75% in excess of the 5 Year Federal Home Loan Bank (FHLB) rate as published by The Federal Home Loan Bank of Des Moines (the "FHLB Index") on each Adjustment Date. The FHLB Index is not necessarily the lowest rate charged by the Bank on its loans. If the FHLB Index becomes unavailable during the term of this Note, the Bank may designate a substitute index after notifying the undersigned. The Bank will tell the undersigned the current Index rate upon request of the undersigned. The interest rate change pursuant to this subparagraph (b) will not occur more often than each 5 years.

**PROMISSORY NOTE**  
**Page Two**

\$6,704,000.00  
Due: February 1, 2049

Willmar, Minnesota  
February 23, 2018

Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

This Note shall be payable as follows:

(a) Accrued interest shall be due and payable on the first (1<sup>st</sup>) day of each month commencing March 1, 2018 and continuing on the first (1<sup>st</sup>) day of each month thereafter through March 1, 2020; and

(b) Commencing on April 1, 2020 and continuing on the first (1<sup>st</sup>) day of each month thereafter, the undersigned shall pay equal blended monthly installments of principal and interest in the amount of \$40,067.42, provided, however, such installments may be adjusted from time to time by the Bank to reflect changes in the interest rate due hereon to the extent necessary to fully amortize the outstanding principal balance over a twenty nine (29) year period commencing on April 1, 2020; and

(c) All unpaid principal and interest accrued thereon shall be due and payable in full on February 1, 2049.

All scheduled payments under this Note shall be applied initially against accrued interest and thereafter in reduction of principal.

This Note may be prepaid only in accordance in Section 2.12 of the Loan Agreement. All prepayments permitted by Section 2.12 shall be applied first to prepayment premiums payable under Section 2.12, if any, then to interest, then to principal installments in the reverse order of their maturity.

If any installment of principal or interest (excluding any payment due and payable on maturity hereof) is not paid within ten (10) days of the due date thereof, the undersigned shall pay to the Bank a late charge equal to five percent (5%) of the amount of such installment.

## PROMISSORY NOTE

\$6,704,000.00  
Due: February 1, 2049

Willmar, Minnesota  
February 23, 2018

FOR VALUE RECEIVED, the undersigned, Residential Options, Inc., a Minnesota nonprofit corporation, d/b/a Scofield Place, promises to pay to the order of Bremer Bank, National Association, a national banking association (the "Bank"), at its offices in Willmar, Minnesota, the sum of SIX MILLION SEVEN HUNDRED FOUR THOUSAND AND NO/100THS DOLLARS (\$6,704,000.00), or such lesser sum as may actually be owing under borrowings made pursuant to that certain Loan Agreement dated of even date herewith between the undersigned and the Bank ("Loan Agreement"), with interest on the principal balance from the date hereof calculated as follows:

(a) From the date hereof through February 23, 2024, interest on the outstanding principal balance shall be calculated at a fixed rate per annum at all times equal to five and 77/100<sup>th</sup> percent (5.77%); and

(b) From and after February 23, 2024 and each five (5) year anniversary thereafter (each an "Adjustment Date"), the interest rate on this Note is subject to change from time to time based on changes in an independent index which is 2.75% in excess of the 5 Year Federal Home Loan Bank (FHLB) rate as published by The Federal Home Loan Bank of Des Moines (the "FHLB Index") on each Adjustment Date. The FHLB Index is not necessarily the lowest rate charged by the Bank on its loans. If the FHLB Index becomes unavailable during the term of this Note, the Bank may designate a substitute index after notifying the undersigned. The Bank will tell the undersigned the current Index rate upon request of the undersigned. The interest rate change pursuant to this subparagraph (b) will not occur more often than each 5 years.

Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

This Note shall be payable as follows:

(a) Accrued interest shall be due and payable on the first (1<sup>st</sup>) day of each month commencing March 1, 2018 and continuing on the first (1<sup>st</sup>) day of each month thereafter through March 1, 2020; and

(b) Commencing on April 1, 2020 and continuing on the first (1<sup>st</sup>) day of each month thereafter, the undersigned shall pay equal blended monthly installments of principal and interest in the amount of \$40,067.42, provided, however, such installments may be adjusted from time to time by the Bank to

**PROMISSORY NOTE**

**Page Two**

\$6,704,000.00  
Due: February 1, 2049

Willmar, Minnesota  
February 23, 2018

reflect changes in the interest rate due hereon to the extent necessary to fully amortize the outstanding principal balance over a twenty nine (29) year period commencing on April 1, 2020; and

(c) All unpaid principal and interest accrued thereon shall be due and payable in full on February 1, 2049.

All scheduled payments under this Note shall be applied initially against accrued interest and thereafter in reduction of principal.

This Note may be prepaid only in accordance in Section 2.12 of the Loan Agreement. All prepayments permitted by Section 2.12 shall be applied first to prepayment premiums payable under Section 2.12, if any, then to interest, then to principal installments in the reverse order of their maturity.

If any installment of principal or interest (excluding any payment due and payable on maturity hereof) is not paid within ten (10) days of the due date thereof, the undersigned shall pay to the Bank a late charge equal to five percent (5%) of the amount of such installment.

This Note is issued in connection with the Loan Agreement and is secured by that certain First Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement, that certain separate First Assignment of Leases and Rents and various other documents executed by undersigned and is also guaranteed by those certain separate Unlimited Guarantees executed by Swift County-Benson Hospital and the United States Department of Agriculture, all dated of even date herewith and in favor of the Bank (collectively, the "Agreements"). The holder hereof shall have all the advantages of the Agreements.

Presentment and demand for payment, notice of dishonor, protest and notice of protest are hereby waived. In the Event of Default, as set forth above, the undersigned agrees to pay costs of collection and reasonable attorneys' fees.

**PROMISSORY NOTE**  
**Page Three**

\$6,704,000.00  
Due: February 1, 2049

Willmar, Minnesota  
February 23, 2018

The undersigned hereby submits itself to the jurisdiction of the courts of the State of Minnesota and the Federal courts of the United States located in such state in respect of all actions arising out of or in connection with the interpretation or enforcement of this Note, waives any argument that venue in such forums is not convenient and agrees that any action instituted by it shall be venued in such forums.

Residential Options, Inc., d/b/a Scofield Place

By   
Dan Enderson  
Its Chief Financial Officer

## PROMISSORY NOTE

\$648,000.00  
Due: February 1, 2030

Willmar, Minnesota  
February 23, 2018

FOR VALUE RECEIVED, the undersigned, Residential Options, Inc., a Minnesota nonprofit corporation, d/b/a Scofield Place, promises to pay to the order of Bremer Bank, National Association, a national banking association (the "Bank"), at its offices in Willmar, Minnesota, the sum of SIX HUNDRED FORTY EIGHT THOUSAND AND NO/100THS DOLLARS (\$648,000.00), or such lesser sum as may actually be owing under borrowings made pursuant to that certain Loan Agreement dated of even date herewith between the undersigned and the Bank ("Loan Agreement"), with interest on the principal balance from the date hereof calculated as follows:

(a) From the date hereof through March 1, 2024, interest on the outstanding principal balance shall be calculated at a fixed rate per annum at all times equal to five and 77/100<sup>th</sup> percent (5.77%); and

(b) From and after March 1, 2024 and each five (5) year anniversary thereafter (each an "Adjustment Date"), the interest rate on this Note is subject to change from time to time based on changes in an independent index which is 2.75% in excess of the 5 Year Federal Home Loan Bank (FHLB) rate as published by The Federal Home Loan Bank of Des Moines (the "FHLB Index") on each Adjustment Date. The FHLB Index is not necessarily the lowest rate charged by the Bank on its loans. If the FHLB Index becomes unavailable during the term of this Note, the Bank may designate a substitute index after notifying the undersigned. The Bank will tell the undersigned the current Index rate upon request of the undersigned. The interest rate change pursuant to this subparagraph (b) will not occur more often than each 5 years.

Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

This Note shall be payable as follows:

(a) Accrued interest shall be due and payable on the first (1<sup>st</sup>) day of each month commencing March 1, 2018 and continuing on the first (1<sup>st</sup>) day of each month thereafter through February 1, 2020; and

(b) Commencing on March 1, 2020 and continuing on the first (1<sup>st</sup>) day of each month thereafter, the undersigned shall pay equal blended monthly installments of principal and interest in the amount of \$7,145.80, provided, however, such installments may be adjusted from time to time by the Bank to

**PROMISSORY NOTE**  
**Page Two**

\$648,000.00  
Due: February 1, 2030

Willmar, Minnesota  
February 23, 2018

reflect changes in the interest rate due hereon to the extent necessary to fully amortize the outstanding principal balance over a ten (10) year period commencing on March 1, 2020; and

(c) All unpaid principal and interest accrued thereon shall be due and payable in full on February 1, 2030.

All scheduled payments under this Note shall be applied initially against accrued interest and thereafter in reduction of principal.

This Note may be prepaid only in accordance in Section 2.12 of the Loan Agreement. All prepayments permitted by Section 2.12 shall be applied first to prepayment premiums payable under Section 2.12, if any, then to interest, then to principal installments in the reverse order of their maturity.

If any installment of principal or interest (excluding any payment due and payable on maturity hereof) is not paid within ten (10) days of the due date thereof, the undersigned shall pay to the Bank a late charge equal to five percent (5%) of the amount of such installment.

Upon the continuing occurrence of an Event of Default under the Loan Agreement, the undersigned agrees to pay a default rate of interest equal to three percent (3%) in excess of the rate of interest otherwise applicable to this Note.

This Note is issued in connection with the Loan Agreement and is secured by that certain Second Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement, that certain separate Second Assignment of Leases and Rents and various other documents executed by undersigned and is also guaranteed by that certain Guaranty executed by Swift County-Benson Hospital, all dated of even date herewith and in favor of the Bank (collectively, the "Agreements"). The holder hereof shall have all the advantages of the Agreements.

Presentment and demand for payment, notice of dishonor, protest and notice of protest are hereby waived. In the Event of Default, as set forth above, the undersigned agrees to pay costs of collection and reasonable attorneys' fees.

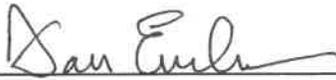
**PROMISSORY NOTE**  
**Page Three**

\$648,000.00  
Due: February 1, 2030

Willmar, Minnesota  
February 23, 2018

The undersigned hereby submits itself to the jurisdiction of the courts of the State of Minnesota and the Federal courts of the United States located in such state in respect of all actions arising out of or in connection with the interpretation or enforcement of this Note, waives any argument that venue in such forums is not convenient and agrees that any action instituted by it shall be venued in such forums.

Residential Options, Inc., d/b/a Scofield Place

By   
Dan Anderson DAN ANDERSON AE  
It's Chief Financial Officer

Extract of Minutes of Meeting of the  
Board of Commissioners of Swift County, Minnesota

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of Swift County, Minnesota, was duly held at the County Courthouse in Benson, Minnesota on Tuesday, the 7th day of April, 2020 at \_\_\_\_\_ o'clock \_\_.M.

The following Commissioners were present:

and the following were absent:

\* \* \* \* \*

Commissioner \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION EXPRESSING INTENT TO MAKE  
GENERAL OBLIGATION PLEDGE TO SWIFT COUNTY — BENSON  
HOSPITAL REVENUE BONDS

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

1. Swift County–Benson Hospital (the "Hospital District"), a hospital district organized under Minnesota Laws of 1992, Ch. 534 Sections 6 to 20 (the "Act"), proposes to issue bonds pursuant to the Act to finance the acquisition of the Scandi Haven Village, a senior housing facility consisting of 58 independent and assisted living units and 19 memory care units, located at 1710 McKinney Ave, in Benson, Minnesota (the "Project") which is adjacent and connected to the hospital facility owned and operated by the Hospital District. The Project will be acquired from Residential Options, Inc., d/b/a/ Scofield Place, of which the Hospital District is the sole member (the "Seller"), and the Seller will use the proceeds from the sale of the Project to repay certain debt related to the acquisition and renovation of the Project (the "Prior Debt").

2. The County has previously pledged its general obligation to the Hospital District's Hospital Revenue Refunding Bonds (Swift County General Obligation), Series 2014 (the "2014 Bonds"), which remain outstanding. A condition of the 2014 Bonds requires that the Hospital District may not issue certain additional bonds without the general obligation pledge of the County. Therefore, this Board hereby approves the pledge of the general obligation of the County to up to \$7,750,000 of bonds (the "2020 Bonds") to be issued by the Hospital District to finance the acquisition of the Project, which is expected to result in debt service savings for the Project from that of the Seller under the Prior Debt.

3. In connection with the issuance of the 2020 Bonds, the Chair and County Auditor are hereby authorized to execute a Continuing Disclosure Certificate and such other documents as may be necessary and appropriate to consummate the transaction as contemplated.

4. The Secretary of the Hospital District is hereby authorized to publish or cause to be published in a newspaper of general circulation in the County a notice of intent to issue bonds pursuant to the Act with a pledge of the full faith and credit of the County in substantially the form attached as Exhibit A.

Adopted by the Board of Commissioners on this 7th day of April, 2020.

The motion for the adoption of the foregoing resolution was made by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, and upon vote being duly taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following were absent:

WHEREUPON, said Resolution was declared duly passed and adopted the 7th day of April, 2020.

\_\_\_\_\_  
Gary Hendrickx  
Board Chair

ATTEST:

\_\_\_\_\_  
Kelsey Baker, County Administrator



EXHIBIT A  
NOTICE OF INTENT TO ISSUE HOSPITAL REVENUE BONDS  
WITH GENERAL OBLIGATION PLEDGE OF SWIFT COUNTY

NOTICE IS HEREBY GIVEN that Swift County–Benson Hospital (the "Hospital District") intends to issue Hospital Revenue Bonds (the "Bonds"), in a principal amount of not to exceed \$7,750,000, pursuant to Minnesota Laws 1992, Ch. 534, Sections 6 to 20 (the "Act"). The proceeds of the Bonds will be used to finance the acquisition of the Scandi Haven Village, a senior housing facility consisting of 58 independent and assisted living units and 19 memory care units, located at 1710 McKinney Ave, in Benson, Minnesota (the "Project"), which is adjacent and connected to the hospital facility owned and operated by the Hospital District. The Project will be acquired from Residential Options, Inc., d/b/a/ Scofield Place, of which the Hospital District is the sole member (the "Seller"), and the Seller will use the proceeds from the sale of the Project to repay certain debt related to the acquisition and renovation of the Project (the "Prior Debt"). If, within ten days of the date of publication of this notice, a petition asking for an election on the proposition of issuing the bonds signed by voters equal to ten percent of the number of votes at the last regular election is filed with the undersigned Secretary of the Hospital District, the bonds may not be issued unless approved by a majority of the electors voting on the question at a legal election.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary  
Swift County–Benson Hospital