AGENDA
September 28, 2015 - 5:00 p.m.
Special Meeting Ely City Council – City Hall, Council Chambers

1. CALL TO ORDER

2. ROLL CALL: Council members A.Forsman, Kess, Debeltz, Omerza, Polyner, D.Forsman and Mayor Novak

3. ADDITIONS OR OMISSIONS TO AGENDA:

4. CONSENT AGENDA:
   A. Motion to waive readings in entirety of all ordinances and resolutions on tonight's agenda

5. NEW BUSINESS: (Pages 2-34)
   A. HRA Capital Projects
   B. Dedication to Miners Drive
   C. Reed Road

6. ADJOURN

Housing & Redevelopment Authority of Ely 15 YEAR Cash Flow - 100%										
Year	HUD Funding Year	Annual Energy Savings	Rate Savings	Total Savings	Annual Debt Payment	Annual Fees M&V	Replacement Costs	Total Liabilities	Annual Cash-Flow	Cumulative Cash-Flow
			1.00%			3.0%				
1	2016	$ 42,343	$23,957	$66,300	$53,158	$8,290	$0	$61,448	$4,852	$4,852
2	2017	$ 43,952	$24,196	$68,148	$54,442	$8,539	$0	$62,981	$5,167	$10,019
3	2018	$ 45,627	$24,438	$70,065	$55,760	$8,795	$0	$64,555	$5,510	$15,530
4	2019	$ 47,372	$24,683	$72,055	$57,111	$9,059	$222	$66,392	$5,663	$21,193
5	2020	$ 49,191	$24,930	$74,120	$58,499	$9,330	$229	$68,058	$6,062	$27,255
6	2021	$ 51,086	$25,179	$76,265	$59,923	$9,610	$236	$69,769	$6,496	$33,750
7	2022	$ 53,061	$25,431	$78,492	$61,385	$9,899	$243	$71,527	$6,965	$40,716
8	2023	$ 55,120	$25,685	$80,805	$62,885	$10,196	$413	$73,494	$7,311	$48,026
9	2024	$ 57,266	$25,942	$83,208	$64,425	$10,502	$426	$75,352	$7,856	$55,882
10	2025	$ 59,505	$26,201	$85,706	$66,017	$10,817	$439	$77,272	$8,434	$64,316
11	2026	$ 61,839	$26,463	$88,302	$67,630	$11,141	$452	$79,223	$9,079	$73,395
12	2027	$ 64,274	$26,728	$91,002	$69,296	$11,475	$465	$81,237	$9,765	$83,160
13	2028	$ 66,814	$26,995	$93,809	$71,008	$11,820	$479	$83,307	$10,503	$93,663
14	2029	$ 69,465	$27,265	$96,730	$72,765	$12,174	$494	$85,433	$11,297	$104,960
15	2030	$ 72,231	$27,538	$99,769	$74,569	$12,539	$508	$87,617	$12,152	$117,112
		$839,146	**$385,631**	**$1,224,777**	**$948,875**	**$154,185**	**$4,606**	**$1,107,665**	**$117,112**	

Project Installation	$943,118
Contingency	$18,862
Capital Contribution	$ (212,996)
Grants	$ (93,324)
Total Amount Financed	**$655,660**
Interest Rate	4.40%
Term	15 years

AUTHORITY'S CLOSING CERTIFICATE

$1,095,656
Equipment Lease Purchase Agreement

HOUSING & REDEVELOPMENT AUTHORITY OF THE CITY OF ELY, MINNESOTA

The undersigned, Chair of the Board and Executive Director, respectively, duly elected or appointed, qualified and acting as such, of the Housing & Redevelopment Authority of the City of Ely, Minnesota (the "Authority"), do hereby certify as of the 29th day of September, 2015:

1. The documents listed on the Transcript of Proceeding constitute a full, true and correct transcript of all documents and proceedings in connection with the execution and delivery by the Authority of an Equipment Lease Purchase Agreement dated September 29, 2015 (the "Lease"), between the Authority, as lessee, and Minnesota Bank & Trust, as lessor (the "Lessor"). Capitalized terms used herein and not otherwise defined shall be as defined in the Lease

2. Attached as Exhibit A hereto is a full, true and correct copy of a resolution pertaining to the Lease and other documents passed by the Authority on November 18, 2014, and said resolution has not been otherwise modified, amended or repealed, and remains in full force and effect. Said resolution is the only official action taken by the Board that is presently in effect relating to the transaction contemplated by the Lease. The resolution was approved by the Authority as meeting held pursuant to all public meeting laws.

3. The following documents have been duly executed and delivered on behalf of the Authority by the Chair of the Board or Executive Director:

a) Equipment Lease Purchase Agreement
b) Disbursement Agreement
c)Tax Certificate and Agreement
d) IRS Form 8038
e) Energy Services Contract
f) This Certificate

Collectively, the "Authority Documents".

4. The District has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Authority Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to and consummate the transactions contemplated thereby.

5. There is no controversy, suit or proceeding of any kind pending or, to the knowledge of the Authority, threatened wherein or whereby any question is raised, or may be raised, questioning, disputing or affecting in any way the legal organization of the Authority, or the legality of any official act shown to have been done regarding the execution and delivery of the Authority Documents or the constitutionality or validity of the obligation or the means provided for the Rent Payments under the Lease.

6. The representations and warranties of the Authority contained in the Authority Documents are true and correct on and as of the date hereof with the same effect as if made on the date hereof. All such representations and warranties, as well as those herein will be deemed to be for the benefit of the Lessor and the attorneys providing legal opinions in connection with the Lease.

7. The Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied prior to the date hereof.

8. Each of the Representations contained in each of the Authority Documents, including without limitation in Section 2.1 of the Lease, are true and correct as of the date hereof.

9. The Equipment is (i) essential for performing the Authority's governmental functions, and (ii) complies in all respects with applicable zoning, environmental and safety ordinances.

10. No condition or event exists that constitutes, or with the giving of notice or the passage of time or both would constitute, a Default or an Event of Default under any of the Authority Documents. There has been no change in the District's creditworthiness that could have a material adverse effect on (i) the financial condition or operations of the Authority, or (ii) the Authority's ability to perform its obligations under the Authority Documents. All financial statements and other information relating to the Authority delivered to the Purchaser by or on behalf of the Authority are correct and complete.

11. To the Authority's knowledge, the Authority's execution and delivery of the Authority Documents and the performance of the terms thereof by the Authority will not violate any provision of law, or any resolution of the Authority, or any applicable judgment, order, rule or regulation, of any court or any public or governmental agency or authority, and will not conflict with, violate or result in the breach of any of the provisions of or constitute a default under, any indenture, mortgage or other agreement or instrument to which the Authority is a party or by which it or its properties are bound.

12. All approvals, consents, authorizations and orders required to be obtained by the Authority in connection with the Authority Documents and the performance of the terms thereof by the Authority have been duly obtained.

(Signature page follows)

IN WITNESS WHEREOF, the Authority has caused their duly authorized representatives to execute and deliver this Closing Certificate as of the date first written above.

HOUSING & REDEVELOPMENT AUTHORITY OF THE CITY OF ELY, MINNESOTA,

By: _____
Chair of the Board

By: _____
Executive Director

Exhibit A

Resolution authorizing the Lease

$1,095,656
HOUSING & REDEVELOPMENT AUTHORITY OF THE CITY OF ELY, MINNESOTA

EQUIPMENT LEASE/PURCHASE AGREEMENT

DATED SEPTEMBER 29, 2015

Between

MINNESOTA BANK & TRUST,
as Lessor,

and

HOUSING & REDEVELOPMENT AUTHORITY OF THE CITY OF ELY, MINNESOTA,
as Lessee

TAX CERTIFICATE AND AGREEMENT

THIS TAX CERTIFICATE AND AGREEMENT (the "*Tax Certificate*") is executed on September 29, 2015 (the "*Closing Date*"), by the Housing & Redevelopment Authority of the City of Ely, Minnesota, a public body, corporate and politic, duly organized and existing under the laws of the state of Minnesota (the "*Lessee*"), in connection with the execution and delivery on the date hereof of the Equipment Lease Agreement, dated September 29, 2015 (the "*Lease Agreement*"), between Minnestoa Bank & Trust, as lessor (the "*Lessor*"), and the Lessee, in order to finance the costs of the acquisition and installation of energy saving equipment, as more fully described on Exhibit A (the "*Project*").

The undersigned is an officer of the Lessee who is charged, with others, with responsibility for executing and delivering the Lease Agreement. The undersigned is an authorized representative of the Lessee and is acting for and on behalf of the Lessee in executing this Tax Certificate.

This Tax Certificate sets forth various facts regarding the Lease Agreement, and establishes the reasonable expectations of the Lessee as to future events regarding the Lease Agreement and the use of the sale proceeds and investment proceeds of the Lease Agreement.

NOW, THEREFORE, the Lessee hereby certifies, covenants, represents and agrees as follows:

ARTICLE I

GENERAL

Section I.1. Authorization. The Lease Agreement is being executed and delivered by the Lessee pursuant to a resolution adopted and passed by the Governing Board of the Lessee (the "*Governing Board*") on November 18, 2014 (the "*Resolution*").

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Section I.2. Definitions. Capitalized terms used but not otherwise defined have the respective meanings set forth in the Lease Agreement or, if not defined in the Lease Agreement, in Sections 103 and 141-150 of the Code and the Regulations.

"*Closing Date*" or "*Issue Date*" means September 29, 2015, the date hereof.

"*Sale Date*" means September 29, 2015, the date on which there was a binding commitment to enter into the Lease Agreement.

Section I.3. Purpose of the Lease Agreement. The Lease Agreement is being executed and delivered for the benefit of the Lessee to finance the Project, as more fully described on Exhibit A, and in the Energy Services Contract between the Lessee and Johnson Controls, Inc., and to pay costs associated with the execution and delivery of the Lease Agreement (the "*Delivery Costs*"). The Lease Agreement will be used to finance the Project and the Delivery Costs.

Section I.4. Basis for Tax Certificate and Reliance on Other Parties. This Tax Certificate is based on facts, estimates, and circumstances in existence on the date hereof, which is the date of the execution and delivery of the Lease Agreement. To the best knowledge, information and belief of the undersigned, the expectations set forth in this Tax Certificate are reasonable. The expectations of the Lessee concerning certain uses of the proceeds of the Lease Agreement and other matters set forth in this Tax Certificate are based in whole or in part on representations and certifications of other parties delivered concurrently herewith. The Lessee is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax Certificate or the accompanying obligations.

Section I.5. Single Issue for Tax Purposes. No obligations, other than those comprising the Lease Agreement, are (i) being sold at substantially the same time (*i.e.*, within fifteen (15) days of the Sale Date) as the Lease Agreement, (ii) being sold pursuant to the same plan of financing as the Lease Agreement, and (iii) reasonably expected to be paid from substantially the same source of funds as the Lease Agreement, determined without regard to guarantees from unrelated parties.

Section I.6. Reimbursement. The Lessee does not reasonably expect to use any of the Available Project Proceeds to reimburse itself for expenditures made prior to the Issue Date.

Section I.7. No Conflicts of Interest Certification. The Lessee hereby certifies that applicable State and local law requirements governing conflicts of interest have been satisfied with respect to the Lease Agreement.

Section I.8. Disposition of Financed Property. The Project is and will be owned exclusively by the Lessee or a State of local government. The Lessee does not intend to sell or otherwise dispose of the Project or any portion thereof during the term of the Lease Agreement except for dispositions of property in the normal course at the end of such property's useful life to the Lessee. If the Project or any portion thereof is sold or otherwise disposed of during the term of the Lease Agreement, the Lessee agrees to take any remedial actions required by Special Counsel.

ARTICLE II

ARBITRAGE

Section II.1. Reasonable Expectations. This Article II states the reasonable expectations, statements of facts and estimates of the Lessee with respect to the amount and use of the proceeds of the Lease

Agreement. On the basis of the following, it is expected that the Lease Agreement will meet the requirements of the Code.

Section II.2. Issue Price and Sale Proceeds.

(a) Issue Price of Lease Agreement. The Lessor has certified to the Lessee that the purchase price of the Lease Agreement is $1,095,656, as set forth in the Certificate of Lessor and Purchaser of even date herewith. Such amount represents 100% of the principal portion of the payments to be made under the Lease Agreement, with no original issue premium or discount.

(b) Sale Proceeds. The Sale Proceeds of the Lease Agreement, as defined in Regulations §1.148-1(b), include amounts actually or constructively received from the execution and delivery of the Lease Agreement. Accordingly, the Sale Proceeds of the Lease Agreement are $1,095,656.

(c) Uses of Proceeds of Lease Agreement. The Sale Proceeds of the Lease Agreement are reasonably expected to be needed and fully expended. The Sale Proceeds of $1,095,656 will be deposited in the Acquisition Fund established pursuant to the Disbursement Agreement, and will be used as follows:

(i) $1,070,656 to pay Equipment Costs; and

(ii) $25,000 to pay Delivery Costs.

Section II.3. Required Spending Period. The Lessee reasonably expects that at least 85% of the Available Project Proceeds will be spent within three years of the Issue Date (the "*Expenditure Period*"). The Lessee further reasonably expects that within six months of the Issue Date, a substantial binding obligations to a third party to expend at least 5% of the Available Project Proceeds on the Project will be incurred, or has been already incurred.

Section II.4. Acquisition Fund; Delivery Cost Fund.

(a) General. The Acquisition Fund is created and established pursuant to the Disbursement Agreement. The Lessee certifies that the following sections accurately reflect various matters relating to these funds and accounts.

(b) Acquisition Fund. Available Project Proceeds in the Acquisition Fund may be invested at an unrestricted yield during the Expenditure Period. Any Available Project Proceeds remaining in the Acquisition Fund after the end of the Expenditure Period will be subject to the arbitrage yield restrictions of Section 148(f) of the Code.

Section II.5. No Replacement Proceeds. Other than proceeds of the Lease Agreement, there are no funds that could legally and practically be used for the purposes for which the Lease Agreement is being executed and delivered that are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the Lease Agreement will be used (i) directly or indirectly to replace funds of the Lessee that could be used for the purposes for which the Lease Agreement is being executed and delivered, or (ii) to replace any proceeds of any prior issuance of obligations by the Lessee.

Section II.6. No Abusive Arbitrage Device. The Lessee hereby certifies, warrants and covenants that the Lease Agreement is not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Code Section 148 and related Regulations, thereby enabling the Lessee to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial

advantage, or (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, causing the execution of more obligations, causing obligations to be executed and delivered earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Lease Agreement.

Section II.7. No Sinking or Pledged Funds. No accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held or the source thereof), that are expected to be used or available to pay, directly or indirectly, principal or interest with respect to the Lease Agreement, or restricted so as to give reasonable assurance of their availability for such purposes.

Section II.8. No Overissuance. The total proceeds to be received from the sale of the Lease Agreement and the anticipated investment earnings thereon do not exceed the total of the amounts necessary to finance the governmental purposes for which the Lease Agreement is executed and delivered as described above.

ARTICLE III

REBATE

Section III.1. Undertakings. The Lessee has covenanted to comply with certain requirements of the Code and the Regulations with respect to the payment of any arbitrage rebate amount that may become due to the United States, including the proper method for computing whether any rebate amount is due the Federal government pursuant to Code Section 148(f) and Regulations §§1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2.

Section III.2. Recordkeeping. Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Regulations §1.148-1(b)) of the Lease Agreement must be maintained by the Disbursement Agent and the Lessee including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest received, (ix) disposition date, and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Regulations §1.148-3), which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a yield equal to the yield on the Lease Agreement.

Section III.3. Rebate Amount Calculation and Payment.

(a) The Lessee represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Lease Agreement consistent with the rules described in this Section 4.04. This calculation may include a detailed description of how the Lease Agreement qualifies for any applicable spend down exception pursuant to Section 148 of the Code and Regulations §1.148-7. The Lessee will prepare or cause to be prepared the calculation of the rebate amount (i) within 45 days after a date that is not later than five years from the date hereof, and each fifth year thereafter so long as the Lease Agreement remains unpaid, and (ii) within 45 days after the first date on which there are no unpaid amounts pursuant to the Lease Agreement. Not later than 55 days after a date that is not later than five years from the date hereof, and each fifth year thereafter so long as any amounts remain unpaid pursuant to the Lease Agreement, and within 55 days after the last amount is paid pursuant to the Lease Agreement, the Lessee shall deposit in the Rebate Fund any amount necessary to increase the sum held by the Lessee in such fund to any amount required to be paid pursuant to Paragraph (c) hereof.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no unpaid Lease Payments pursuant to the Lease Agreement or when the investment ceases to be a Nonpurpose Investment.

(c) The Lessee will pay to the United States Treasury, out of designated funds (i) not later than sixty (60) days after the end of each five year period beginning with the date hereof, a payment equal to at least 90% of the rebate amount with respect to the Lease Agreement, calculated as of the date of such payment, and (ii) not later than sixty (60) days after the first date when there are no unpaid Lease Payments pursuant to the Lease Agreement, an amount equal to 100% of the rebate amount (determined as of the first date when there are no unpaid Lease Payments pursuant to the Lease Agreement) plus any actual or imputed earnings on such rebate amount, all as set forth in Regulations §§1.148-1 through 1.148-11 and as determined by or on behalf of the Lessee.

(d) Each payment required to be made pursuant hereto relating to the Lease Agreement will be filed with the Internal Revenue Service Center, Ogden, Utah 84201-0027, or such other address as may be specified by the Internal Revenue Service, on or before the date such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T or the successor form then in effect. The Lessee must retain records of the calculations required by this Section 4.04 until three years after the last payment with respect to the Lease Agreement.

Section III.4. Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Lessee hereby agrees to instruct the Disbursement Agent to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section III.5. Valuation of Investments. For all purposes of Section 148 of the Code, the value of an investment allocated to the Lease Agreement (including a payment or receipt on the investment) on a date must be determined using valuation methods described in the Code.

ARTICLE IV

OTHER MATTERS

Section IV.1. Reliance.

(a) The Lessee hereby acknowledges and agrees that the certifications, representations and warranties set forth in this Tax Certificate may be relied upon by Kutak Rock LLP, Special Counsel, in rendering its opinions with respect to the Lease Agreement. To the best of the undersigned's knowledge, information and belief, there are no facts, estimates or circumstances that would materially change any of the foregoing certifications.

(b) The Lessee acknowledges and agrees that in rendering its opinion, Special Counsel has assumed the truthfulness and accuracy of the representations, warranties and certifications made by the Lessee in this Tax Certificate and in the Lease Agreement and other related documents.

Section IV.2. EIN Number and Information Reporting. The Lessee's federal employer identification number is 41-0954936. The information contained in the Form 8038-G with respect to the Lease

Agreement was supplied by or on behalf of the Lessee and is correct. The employment identification number for the Lessor is 42-1757950.

Section IV.3. Filing Requirements. The Lessee shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T).

Section IV.4. The Disbursement Agent. The Disbursement Agent will act as specifically provided herein, in the Lease Agreement and in the Disbursement Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto and the liability of the Disbursement Agent hereunder shall be subject to the limitations contained the Disbursement Agreement. The Disbursement Agent shall act as the agent of and on behalf of the Lessee and any act required to be performed by the Lessee as herein provided shall be deemed taken if such act is performed by the Disbursement Agent. The Disbursement Agent may consult with legal counsel selected by it (the reasonable fees of which such counsel shall be paid by the Lessee), and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it

Section IV.5. Remedial Action. The Lessee will monitor the expenditure of the Available Project Proceeds and the use of the facilities financed with the Available Project Proceeds in order to assure that the Lease Agreement continues to qualify as "qualified bond" within the meaning of Section 141(e) of the Code, and the Lessee will consult with Special Counsel as necessary to determine whether, and to what extent, if as a result of any change in the use or purpose of the financed facilities any remedial action is required under Regulations §1.141-12. The Regulations promulgated thereunder are described in Exhibit B

Section IV.6. Post-Issuance Compliance Procedures. The Lessee hereby agrees to comply with the post-issuance tax compliance procedures attached hereto as Exhibit C or any amendments thereto. In furtherance of the Lessee's covenant to comply with these procedures, the Lessee has designated Marty Hendrickson, Executive Director, to serve as its compliance officer for this transaction.

Section IV.7. Amendment and Supplementation. Notwithstanding any other provision herein, if an amendment, supplementation or modification hereto becomes necessary, the Lessee will amend, supplement or modify this Tax Certificate only upon receipt of an approving opinion of Special Counsel.

Section IV.8. Survival of Defeasance. Notwithstanding anything in this Tax Certificate or any other provisions of the Lease Agreement to the contrary, the obligation to remit the rebate amount to the United States Treasury and to comply with all other requirements contained in this Tax Certificate will survive the defeasance of the Lease Agreement.

(Signature page follows)

Dated: September 29, 2015

HOUSING & REDEVELOPMENT AUTHORITY OF THE CITY OF ELY, MINNESOTA

By: _____
Marty Hendrickson, Executive Director

(Signature page to Tax Certificate)

EXHIBIT A

FINANCED PROJECT

The Equipment Summary is shown below, and is more fully described in the Energy Services Contract.

Project Scope Overview

The table below summarizes the Scope of Work we will implement at Sibley Manor:

ECM 1	Heating Boiler Replacement	x
ECM 2	DHW Boiler Replacement	x
ECM 4	Apartment Lighting	x
ECM 5	Water Conservation	x
FIM 1	Roof Replacement	x

ECM 1 – Heating Boiler Replacement

Developments Affected

- Sibley Homes

Overview

The purpose of this scope is to install a high-efficiency, condensing propane gas hot water boiler plant to replace the existing less efficient boilers for building heat.

Existing System Overview

The existing standard-efficiency boilers are approximately 20 plus years old and are operating beyond their useful life. The boilers have an average combustion efficiency of 77% based on the age of the furnaces.

Proposed System Overview

The following is the scope of work associated with this recommendation. Johnson Controls will furnish and install all material and labor necessary to implement the upgrades (unless noted otherwise).

New Equipment

Location	Unit Type	Min Input (Btuh)	Min Output (Btuh)	Quantity
Sibley Manor				
Boiler #1		500,000	460,000	1
Boiler #2		500,000	460,000	1

Scope of Work

The purpose of this project is replace existing boilers with new 95+ efficiency boilers.

1. The boilers shall be located in the existing location with gas piping, hot water piping and all other piping extended as required for connection
2. Reconnect HW Piping to the new Boiler. Match the existing pipe size.
3. Reconnect natural gas piping to the new boiler. Match existing pipe size. Reconnect the gas flue to the new boiler (Verify boiler flue and combustion air requirements with manufacturer).
4. Insulate new piping, valves and fittings as required.
5. Insulate any existing hot water heating piping, even if not previously insulated, for a complete project.
6. Provide boiler pad if use of existing is inadequate
7. Provide and install new flue as required
8. Patch and repair all penetrations
9. Start-up, checkout and verify all modes (stages) of operation per manufacturers' start-up and checkout procedures.
10. Reuse existing piping, pipe fittings, pipe hangers, isolation valves, strainers, check valves, thermal wells, and pressure sensor wells where feasible and equipment serviceable.
11. Asbestos removal is responsibility of others.
12. Contractor responsible to guarantee sufficient (per code) combustion air available for NEW boilers.
13. Disconnect and reconnect to existing controls and control valves. Replace "failed" valves as needed.
14. This work will need to be performed during normal business hours (8:00 am – 5:00 pm)
15. Install Boilers per manufacturer's criteria, and Local AHJ
16. Contractor shall install FLUE ducting to guarantee no condensate draining back to boiler vessel
17. Clean up of all job related debris, tools, equipment, etc. after successful installation and operational check-out.

18. Contractor is COMPLETELY responsible for ensuring that the correct equipment is ordered, installed, and compatible with existing Electrical & Gas Service, infrastructure, Plumbing rough-in and all other requirements that make the NEWLY installed Unit a seamless transition after the removal of the EXISTING Units.
19. Contractor is SOLELY responsible for all "trades" necessary to complete the installation including but not limited to; touch-up painting, wall repairs, and all other necessary repairs directly related to the NEW equipment installation.
20. Contractor shall be responsible for all permitting required by the AHJ
21. Contractor to flush all new water pipe and bleed air from the system. Disconnect, remove and properly dispose of existing HW boilers, a total of twenty-one (21) ranging in input capacity from nominally 100,000 Btuh to 500,000 Btuh input. See list of replacement equipment below.
22. Disconnect, remove and properly dispose of HW piping to nearest isolation valves or as required for new installation.
23. Disconnect, remove and properly dispose of natural gas piping to nearest isolation valves or as required for new installation.
24. Disconnect, remove, cap at ceiling and properly dispose of gas flue as required.
25. Disconnect, remove and properly dispose of all other materials or debris related to this project.
26. Existing boiler base can be reused pending current local codes
27. Clean up all job-related debris, tools, equipment, etc. after successful installation and operational check out.
28. Johnson Controls is responsible for ensuring that the correct equipment is ordered, installed and compatible with existing air distribution system.

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ECM 2 – Domestic Hot Water Boiler Replacement

Developments Affected

- **Sibley Homes**

Overview

The purpose of this scope is to install a high-efficiency condensing, propane gas boiler for domestic hot water, to replace the existing system.

Existing System Overview

The existing DHW heater (1 total) has a capacity of 500,000 Btuh.

- Burner efficiency based on age is 82% or less.
- DHW heater are all 20+ years old operating beyond normal useful life.

Proposed System Overview

The following DHW heating system scope of work includes the following items:

New Equipment

Location	Unit Type	Min Input (Btuh)	Quantity
Sibley Manor		500,000	1

- New Units shall be a minimum of 92% (AFUE) efficient
- Unit shall be manufactured by: **Weil-McLain** Model SF 550 BTH-550,000

Scope of Work

- The DHW heaters shall be located in the existing location with gas piping, hot water piping and all other piping extended as required for connection
- Reconnect HW Piping to the new DHW heaters. Match the existing pipe size.
- Reconnect natural gas piping to the new unit. Match existing pipe size. Reconnect the gas flue to the new water heater (Verify flue and combustion air requirements with manufacturer).
- Insulate new piping, valves and fittings as required.
- Insulate any existing hot water heating piping, even if not previously insulated, for a complete project.
- Provide DHW heater pad if use of existing is inadequate
- Provide and install new flue as required
- Patch and repair all penetrations
- Start-up, checkout and verify all modes (stages) of operation per manufacturers' start-up and checkout procedures.
- Reuse existing piping, pipe fittings, pipe hangers, isolation valves, strainers, check valves, thermal wells, and pressure sensor wells where feasible and equipment serviceable.
- Asbestos removal is responsibility of others.
- Contractor responsible to guarantee sufficient (per code) combustion air available for water heaters.
- Disconnect and reconnect to existing controls and control valves. Replace "failed" valves as needed.
- This work will need to be performed during normal business hours (8:00 am – 5:00 pm)
- Install DHW heaters per manufacturer's criteria, and Local AHJ
- Contractor shall install FLUE ducting to guarantee no condensate draining back to boiler vessel

- Clean up of all job related debris, tools, equipment, etc. after successful installation and operational check-out.
- Contractor is COMPLETELY responsible for ensuring that the correct equipment is ordered, installed, and compatible with existing Electrical & Gas Service, Infrastructure, Plumbing rough-in and all other requirements that make the NEWLY installed Unit a seamless transition after the removal of the EXISTING Units.
- Contractor is SOLELY responsible for all "trades" necessary to complete the installation including but not limited to; touch-up painting, wall repairs, and all other necessary repairs directly related to the NEW equipment installation.
- Contractor shall be responsible for all permitting required by the AHJ

Contractor to flush all new water pipe and bleed air from the system.

ECM 4 – Apartment Lighting

Developments Affected

- **Sibley Homes**

Overview

In an effort to reduce electricity consumption, Johnson Controls proposes to retrofit the existing lighting system with newer technology energy-efficient lamps, ballasts, and compact fluorescent and LED lamps, resulting in immediate cost reductions and improved quality of light. Every effort has been made to standardize the installed components to reduce operational and maintenance costs over the life of the installed system. The lighting retrofit design incorporates the replacement of fixtures, lamps and ballasts in linear fluorescent lighting fixtures and the replacement of incandescent lamps with compact fluorescent lamps (CFL) or LED lamps.

T8 lighting systems have significantly improved over the last several years. In the 1990s, the typical retrofit solution involved re-lamping and re-ballasting aging F40T12 systems on a one-for-one basis with 32-watt T8 lamps and normal-power electronic ballasts. Today, 25-watt T8 lamps combined with high-efficiency electronic ballasts allow additional energy savings while still maintaining the same light output of existing T12 systems.

This scope will provide a quality of light superior to what is currently installed. In addition, the scope will eliminate incandescent bulbs, which will standardize and minimize stock requirements. Patching and painting are the responsibility of VHRA and are not covered in this section.

Existing System Overview

The existing lighting system for the interior and exterior of each development consists of varied linear tube fluorescent fixtures, compact fluorescent and incandescent lamps (typically 60 watts) in various quantities per fixture. The following is a general overview of the more typical existing fixture types:

- Kitchen - 60-watt incandescent fixtures and/or T12 two-lamp wrap-around fixtures
- Kitchen hood - 60-watt lamp
- Living Room - 60-watt incandescent surface-mount fixtures (1, 2 or 3 lamps each).
- Hallway/Stairs - 60-watt lamp fixtures
- Bathroom Vanity - 60-watt lamps (2 lamps each)
- Bathroom - 60-watt incandescent surface-mount fixtures (1 lamp each)
- Bedroom - 60-watt incandescent surface-mount fixtures (2 lamps each)
- Hallway - 60-watt incandescent fixtures and/or T12 two-lamp wrap-around fixtures
- Basement - 60-watt incandescent fixtures and/or T12 two-lamp strip fixtures

Proposed System Overview

The following lighting system scope of work covers the majority of the proposed retrofit types or replacement types to the existing systems. Line-by-line tables later in this section will provide further detail of the proposed systems at each facility:

- Existing incandescent lamps in range hoods and storage/basement (non-living) type areas will be replaced with CF self-ballasted lamps
- Basement T12 fluorescent fixtures will be retrofitted with new 25W T8 lamps and a low power factor ballast
- Kitchen T12 fluorescent fixtures will be replaced with new wrap fixtures with 25W T8 lamps and low power factor ballast
- Living Room and Bedroom incandescent fixtures will be replaced with new round LED fixtures
- Bathroom incandescent fixtures will be replace with new LED fixtures or be replaced with CF self-ballasted lamps, pending application

Light fixtures will be cleaned and inspected for possible defects as they are worked on. Lamps and ballasts will be recycled in compliance with governing regulations.

The tables on the following pages summarize the existing lighting fixtures and the proposed lighting retrofits.

Table 5-4: Sibley Homes Lighting Proposal

Item #	Location	Floor/Apt Type	Room	Existing Fixture Description	QTY	Base Bid -- Retrofit. Description	Alternate #1 -- NO ALTERNATE
1	Common	1	Hall	T8-32W -1L Surface mount	45	No Retro	
2	Common	1	Hall	XIT LED	7	No Retro	
3	Common	1	Side Entry	15W-Can	2	No Retro	
4	Common	1	Tub Rm	T12-F40-2L-Wrap	2	No Retro	
5	Common	1	Janitor	60W-K	1	No Retro	
6	Common	1	Chair Storage	T12-F40-2L-Wrap	2	No Retro	
7	Common	1	Rec Rm #1	T8-32W -2L Cloud	17	No Retro	
8	Common	1	MRR	T12-F40-2L-Wrap	2	RLRB - (2) Philips 4' 25W T8 lamp, 85 CRI, 4100K, 24,000 hr,(1) High Efficiency Electronic Ballast 2L 120/277V Low Power,(1) Power Plug Luminaire Disconnect	
9	Common	1	WRR	T12-F40-2L-Wrap	2	RLRB - (2) Philips 4' 25W T8 lamp, 85 CRI, 4100K, 24,000 hr,(1) High Efficiency Electronic Ballast 2L 120/277V Low Power,(1) Power Plug Luminaire Disconnect	
10	Common	1	Rec Rm #2	T8-32W -2L Cloud	18	No Retro	
11	Common	1	Rec Rm #2 - Storage	T12-F40-2L-Wrap	11	No Retro	
12	Common	1	Maint	15W-K	2	No Retro	
13	Common	1	Maint	T12-F40-2L-Wrap	3	RLRB - (2) Philips 4' 25W T8 lamp, 85 CRI, 4100K, 24,000 hr,(1) High Efficiency Electronic Ballast 2L 120/277V Low Power,(1) Power Plug Luminaire Disconnect	
14	Common	1	Garage	18W-K	4	No Retro	
15	Common	1	Front Entry	18W-Can	1	No Retro	
16	Common		Stairs	T8-32W -1L Surface mount	8	No Retro	
17	Common	2	Hall	T8-32W -1L Surface mount	56	No Retro	
18	Common	2	Hall	18W-Can	1	No Retro	
19	Common	2	Janitor	150W-K	1	No Retro	
20	Common	2	Hall	XIT LED	7	No Retro	
21	Exterior		Front Entry	75W-2L-Flood	1		
22	Exterior		BLDG	75W-2L-Halogen-Hood	3	SIMKAR WS LED50W	
23	Apts	1BR	Kitchen	18W-2L-Drum	70	ETI 22 watt LED round flush mount	
24	Apts	1BR	Kitchen-Range Hood	60W-Hood	35	(1) CF Screw In 14W One Piece Self Ballasted Lamp	
25	Apts	1BR	BR	18W-2L-Drum	35	ETI 22 watt LED round flush mount	
26	Apts	1BR	Entry	18W-2L-Drum	35	ETI 22 watt LED round flush mount	
27	Apts	1BR	Bath	60W-2L-Van	35	New fixture SIMKAR WECN-2-SW-WS-N-217-B11	
	Apts	1BR-ADA	Kitchen	18W-2L-Drum	4	ETI 22 watt LED round flush mount	
	Apts	1BR-ADA	Kitchen-Range Hood	60W-Hood	2	(1) CF Screw In 14W One Piece Self Ballasted Lamp	
	Apts	1BR-ADA	BR	18W-2L-Drum	2	ETI 22 watt LED round flush mount	
	Apts	1BR-ADA	Entry	18W-2L-Drum	2	ETI 22 watt LED round flush mount	
	Apts	1BR-ADA	Bath	60W-4L-Van	2	New fixture SIMKAR WECN-2-SW-WS-N-217-B11	
	Apts	1BR-ADA	Bath	60W-2L-Drum	2	ETI 22 watt LED round flush mount	

	Apts	2BR	Kitchen	FR-32W -2L Wrap	2	No Retro	
	Apts	2BR	Kitchen-Range Hood	60W-Hood	2	(1) CF Screw In 14W One Piece Self Ballasted Lamp	
	Apts	2BR	Kitchen-Over Sink	T5-F15-1L-Wrap	2	No Retro	
	Apts	2BR	Dining	18W-3L-Drum	2	ETI 40 watt LED round flush mount	
	Apts	2BR	Hall	18W-2L-Drum	2	ETI 22 watt LED round flush mount	
	Apts	2BR	BR	18W-2L-Drum	4	ETI 22 watt LED round flush mount	
	Apts	2BR	Bath	60W-2L-Van	2	New fixture SIMKAR WECN-2-SW-WS-N-217-B11	

ECM 5 – Water Conservation

Developments Affected

- **Sibley Homes**

Overview

The majority of water fixtures at EHRA are original. The cost of water (usage and sewer) has substantially increased over the past decade, resulting in a greater awareness of water efficiency. New fixture design not only considers function, but also in increased focus on water conservation.

By replacing older fixtures with more efficient low-flow fixtures, the volume of water used in EHRA facilities can be reduced. This will significantly impact the total cost of water and sewer usage and the cost to heat water. Residents will continue to receive the proper amount of water they need, but the *total volume* is reduced. Low-flow fixtures also have a longer useful life, which reduces overall system maintenance costs.

Existing System Overview

The water fixtures at EHRA were surveyed to identify areas to improve water efficiency. Based on measurements that were taken during the audit – such as flow ratings, gallons per minute, and gallons per flush readings – many fixtures are older and less efficient than energy code minimum standards.

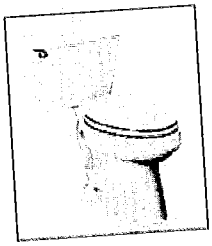
Proposed System Overview

The scope of work for the water conservation measures covers the majority of the proposed retrofits types.

Retrofit Water Closets

Johnson Controls will implement the following as a part of this measure:

- Remove old water closets from site for proper disposal
- Replace with 1.0 gpf pressure assist tank toilet with elongated bowl 12" Set Back - ADA and elongated seat with lid
- Toilet shall have a 1.0 gpf capacity
- The elongated toilet combination shall be made of vitreous china
- Toilet shall be Kohler manufacturer or approved equal
- Provide new supply valve if existing is found to be unsuitable (any costs associated with this scope of work will be covered by the contingency fund)
- Installation includes flexible supply line, wax ring, and water closets using shims and grout for leveling as necessary

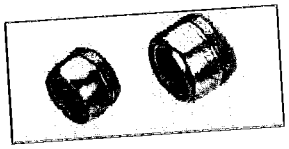


Retrofit Kitchen Faucet Aerators

Kitchen Aerators: Remove existing faucet aerator from kitchen sinks and replace with 1.5 gpm vandal-proof laminar flow moderator.

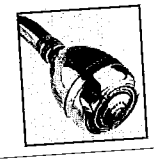
Retrofit Bathroom Faucet Aerators

Bathroom Aerators: Remove existing aerators from bathroom lavatory faucets and replace with 1.0 gpm vandal-proof spray moderator.



Replace Shower Heads

Bathroom Showers: Remove existing shower heads from the bathrooms and replace with 1.5 gpm units.



The following tables summarize the existing plumbing fixtures, quantity and the proposed flow rates for each site:

	Mfg	Model	Description	Qty's			
				Pioneer Apts	Zenith Homes	Sibley Apts	Vermillion Homes
Toilets	Kohler	K-3519	Highline Pressure Lite - Elongated 1.0 gpf	38	25	41	18
	Kohler	K-4405	Highline Flushometer, 1.28 gpf	2			
Flush valves	Sloan	111-1.28	GEM2	2			
Seat	Bemis	170	Residential seat, Closed Front	38	25	41	18
	Bemis	1955C	Comm Hvy Duty Seat, Open Front	2			
Aerators	Niagara	N3210MTP	1.0 GPM - Bathrooms	40	25	41	18
	Niagara	N3215MTP	1.5 GPM - Kitchen	38	25	39	16
Showerheads	Niagara	N2915CH	Earth Massage - 1.5 gpm	36	23	37	16
	Niagara	N2945CH	Earth Massage Handheld-1.5 gpm	2	2	2	
Flange Repair/Replace			% estimated to repair/replace	10%	10%	10%	10%
Shut Off Valve Replace			% estimated to repair/replace	10%	10%	10%	10%

FIM 1 – Roof Replacement

Developments Affected

- **Sibley Homes**

SUMMARY OF WORK

07.53 Roofing

A. Specification Sections Included: Divisions 0 & 1

02 42 00 Minor Demolition for Remodeling
07 22 16 Roof Deck Insulation
07 53 13 EPDM Roofing, Fully Adhered
07 62 00 Sheet Metal Flashing & Trim
07 92 00 Joint Sealers

B. This work shall include all labor, materials, equipment and supervision required to complete the work of the above referenced section(s), including, but not necessarily limited to the following:

1. Provide sales tax on material supplied by this contract.
2. Provide performance, and labor and material payment bonds.
3. Provide shop drawings, submittal information cut sheets, etc.
4. Provide all warranties and mock ups as shown and/or specified.
5. Provide temporary weather-tight enclosures for openings and exposed roof areas and/or work areas not weather-tight by the end of the work day.
6. Provide plywood as shown and specified, unless otherwise noted.
7. Receive, unload, store, protect all provided and/or installed items by this Contract to include taking inventory as required to verify all items are accounted for.
8. Provide demolition of existing roofing and construction systems per Roof Plan Key notes on Sheet A120 and similar.
9. Provide ongoing daily clean up (broom clean) of work areas. Clean adjacent areas when required as related to the work of this Contract. Haul debris out to contractor provided dumpster daily.
10. Provide wood bracing, backing, blocking, and framing as shown and/or specified, including, but not limited to, casework, louvers, etc.
11. Provide anchors and rough hardware required to complete the work of this Contract.
12. Provide caulking and sealants as required for the work of this contract.
13. Protection of materials provided or installed by this Contract until final acceptance by the Owner.
14. Provide insulation related to work installed by this Contract.
15. Provide all fasteners and/or connection hardware, accessories, etc., as required for a complete installation of the work of this contract.
16. Provide protection of adjacent surfaces, landscaping, turf, curb, gutter, sidewalks, etc. Restore damages to a preconstruction condition as required. Clean adjacent surfaces soiled by the work of this Contract.
17. Restore site to the existing condition at a minimum.
18. Provide new roof ladders as shown and/or specified per detail C1/A400.
19. Provide Gypsum Board/Dens Deck as shown and/or specified. Reference details on Sheet A400 and Materials Legend G001 and similar. See also specification section 07 53 13.
20. Provide, furnish, and install prefinished metal gutter, downspout, and precast splash block. See Construction note on sheet A120.
21. Cut reglets into existing walls as shown and/or specified. See detail B2/A400 and similar.
22. Return vapor barrier up vertical surfaces as shown and/or specified. See details Sheet A400.
23. Provide roof drain adjustments as required for new roofing system/insulation as needed to maintain use of drain and roofing warranty.
24. Provide for adjustments to equipment curbs as needed to maintain roof drainage, warranty and use of roof mounted equipment, as well allowing for proper operation and maintenance of equipment.
25. Provide roof walkways pads as shown and/or specified.

EXHIBIT B

REMEDIAL ACTION RULE WRITTEN PROCEDURES UNDER SECTION 141 OF THE CODE AND SECTION 1.141-12 OF THE REGULATIONS.

The purpose of this Appendix is to set forth certain written procedures that may be required to be taken by the Housing & Redevelopment Authority of the City of Ely, Minnesota (the "Lessee") in connection with the execution and delivery on the date hereof of the Equipment Lease Agreement, dated September 29, 2015 (the "*Lease Agreement*") in the aggregate principal amount of $1,095,656 (the "Lease Agreement"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Tax Certificate and Agreement to which this Exhibit is attached.

The maintenance of the status of the Lease Agreement as a tax-exempt obligation of the Lessee for purposes of federal tax law depends upon the Lessee's compliance with the requirements set forth in the Internal Revenue Code of 1986 as described in the Tax Certificate.

Written Procedures Regarding Remedial Action.

If the Lessee takes any Deliberate Action subsequent to the execution and delivery of the Lease Agreement, then the Lessee will consult with nationally recognized Special Counsel regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Lease Agreement.

(a) *Conditions to Availability of Remedial Actions.* Unless Bond Counsel shall advise the Lessee otherwise, none of the Remedial Actions described in this Appendix shall be available to the Lessee to remediate the effect of any Deliberate Action with respect to the Lease Agreement unless the following conditions have been satisfied:

(i) The Lessee, as of the date the Lease Agreement was executed and delivered, did not expect to satisfy either the Private Business Tests or the Private Loan Financing Test of Section 141 of the Code and the Regulations thereunder for the entire term of the Lease Agreement;

(ii) The average maturity of the Lease Agreement does not, as of the date the Lease Agreement was executed and delivered, exceed 120% of the average reasonably expected economic life project financed by Lease Agreement (the "Project");

(iii) Unless otherwise excepted under the Regulations, the Lessee shall deliver a certificate, instrument or other written records satisfactory to Bond Counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is bona fide and arm's length, and that the nongovernmental person using the Project as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(iv) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Lessee as a result of the Deliberate Action must be treated as Gross Proceeds of the Lease Agreement and may not be invested in obligations bearing a yield in excess of the Bond Yield subsequent to the date of the Deliberate Action; and

(v) Proceeds of the Lease Agreement affected by the Remedial Action must have been allocated to Expenditures for the Project before the date on which the Deliberate Action occurs.

Remedial Actions may include the following types of actions and are subject generally to the below conditions. Please note that these procedures apply where the relevant obligations are all maturing or callable within ten and one-half years (10.5) of their date of issuance.

(b) *Types of Remedial Action.* Subject to the condition precedent that the Lessee obtain an opinion of Bond Counsel prior to the taking of any of the below actions to the effect that taking any of the below actions will not result in interest on the Lease Agreement becoming included in gross income for federal income tax purposes, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the execution and delivery of the Lease Agreement:

(i) Redemption or Defeasance of the Lease Agreement.

(A) If the Deliberate Action taken by the Lessee causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Project exclusively for cash, then the Lessee may allocate the Disposition Proceeds to the redemption of Nonqualified Bonds pro rata across all of the thenoutstanding maturities of the Lease Agreement at the earliest call date of such maturities of the Lease Agreement after the taking of the Deliberate Action or, if any of the maturities of the Lease Agreement outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Lease Agreement within 90 days of the taking of such Deliberate Action.

(B) If the Deliberate Action taken by the Lessee consists of a fair market value disposition of any portion of the Project for other than exclusively cash, then the Lessee may use any funds (other than Proceeds of the bonds or proceeds of any obligation the interest on which is excludable from the gross income of the holders thereof for purposes of federal income taxation) for the redemption of all Nonqualified Bonds within 90 days of the date that the Lessee takes such Deliberate Action or, in the event that insufficient maturities of the Lease Agreement are callable by the date which is within 90 days after the date of the Deliberate Action, then the Lessee may use such funds for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Bonds not callable within 90 days of the date of the Deliberate Action.

(C) If the Lessee creates a Defeasance Escrow for any maturities of Nonqualified Bonds which are not callable within 90 days of the date of the Deliberate Action, the Lessee shall provide written notice to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings or other guidance issued by the Department of the Treasury or the Internal Revenue Service.

(ii) Alternative Use of Disposition Proceeds. Use by the Lessee of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Lease Agreement if taken in conjunction with the opinion of Bond Counsel:

(A) the Deliberate Action consists of a disposition of all or any portion of the Project for not less than the fair market value thereof for cash;

(B) the Lessee reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(C) the Disposition Proceeds are treated by the Lessee as Proceeds of the Lease Agreement for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used by the Lessee would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(D) the Lessee does not take action after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Lease Agreement, the Project or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Regulations);

(E) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or which are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Bonds in accordance with the requirements set forth in Section (b)(i) hereof; and

(F) In the event that Disposition Proceeds are to be used by any organization described in Section 501(c)(3) of the Code, the Lessee will consult with Bond Counsel as to any additional requirements which may be applicable.

(iii) Alternative Use of Project Financed or Refinanced by the Lease Agreement. If the Lessee has obtained the opinion of Bond Counsel and, subsequent to the Lessee taking any Deliberate Action with respect to all or any portion of the Project:

(A) the portion of the Project subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt bonds;

(B) the disposition of the portion of the Project subject to the Deliberate Action is not financed by a person acquiring the Project with proceeds of any obligation the interest on which is exempt from the gross income of the holders thereof under Section 103 of the Code for purposes of federal income taxation; and

(C) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Lease Agreement on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the Bond Yield to pay debt service on the Lease Agreement on the next available payment date;

then the Lessee may be considered to have taken sufficient Remedial Actions under Section 1.141-12 of the Regulations to cause the Lease Agreement to continue to be treated as a qualified tax-exempt bond.

(c) Absent an opinion of Bond Counsel, no Remedial Actions shall be available to remediate the satisfaction of the "private security or payment test" of Section 141(b) of the Code and the Regulations thereunder regarding the same with respect to the Lease Agreement.

(d) Nothing herein shall prohibit the Lessee from taking any Remedial Actions not described herein that may become available subsequent to the date of issue of the Lease Agreement to remediate the effect of a Deliberate Action taken with respect to the Lease Agreement, the proceeds thereof, or the Project.

Additional Defined Terms

For purposes of this Appendix, the following terms shall have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay all the principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the Proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence or omission by the Lessee that is within the control of the Lessee which causes either (1) the private business use test of Section 141(b) of the Code to be satisfied with respect to the Lease Agreement, the Project (without regard to the private security or payment test of Section 141(b) of the Code), or (2) the private loan financing test of Section 141(c) of the Code to be satisfied with respect to the Lease Agreement or the proceeds thereof. An action, occurrence or omission is not a Deliberate Action if (1) the action, occurrence or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of property (other than Investments) financed with the Proceeds of the Lease Agreement.

"*Nonqualified Bonds*" means that portion of the Lease Agreement outstanding at the time of a Deliberate Action in an amount that, if the outstanding Lease Agreement was issued on the date on which the Deliberate Action occurs, the outstanding Lease Agreement would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Tests*" means, collectively, the Private Business Use Test, the private security or payment test of Section 141(b)(2) of the Code and the Regulations thereunder, and the Private Loan Financing Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section (b) hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Lessee with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Lessee to maintain the federal tax status of the Lease Agreement as a qualified tax-exempt obligation.

EXHIBIT C

POST-ISSUANCE TAX COMPLIANCE PROCEDURES

The purpose of these Post-Issuance Tax Compliance Procedures (these "Procedures") is to establish policies and procedures in connection with tax-exempt bonds issued by the Housing & Redevelopment Authority of the City of Ely, Minnesota (the "Lessee") so as to ensure that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of such bonds are met.

General

In connection with the issuance of any tax-exempt bonds, the Lessee will execute a tax compliance certificate (the "Tax Certificate") that describes the requirements and provisions of the Code that must be followed in order to maintain the tax exempt status of interest on such bonds. In addition, the Tax Certificate will contain the reasonable expectations of the Lessee at the time of issuance of the related bonds with respect to the use of the gross proceeds of such bonds and the assets to be financed or refinanced with the proceeds thereof. These Procedures supplement and support the covenants and representations made by the Lessee in the Tax Certificate related to specific issues of tax-exempt bonds. In order to comply with the covenants and representations set forth in the bond documents and in the Tax Certificate, the Lessee tracks and monitors the actual use of the proceeds of the related series of bonds, the investment and expenditure of the bond proceeds and the assets financed or refinanced with the proceeds of such bonds over the life of the related bonds.

Designation of Responsible Person

The Lessee shall maintain an inventory of bonds and assets financed which contains the pertinent data to satisfy the Lessee's monitoring responsibilities. Any transfer, sale or other disposition of bond-financed assets must be reviewed and approved by the Board Chair of the Lessee.

Post-Issuance Compliance Requirements

External Advisors/Documentation

The Lessee shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the Tax Certificate and/or other documents finalized at or before issuance of the bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the bonds.

The Lessee also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of bond-financed or refinanced assets.

The Lessee shall train and employ or otherwise engage expert advisors (a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of bond

proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds.

Unless otherwise provided by the resolution or other authorizing documents relating to the bonds, unexpended bond proceeds shall be held in a segregated account by a trustee, and the investment of bond proceeds shall be managed by the Lessee. The Lessee shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving bond proceeds.

Arbitrage Rebate and Yield

Unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds, the Lessee shall be responsible for:

- engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, causing the trustee or other account holder to deliver periodic statements concerning the investment of bond proceeds to the Rebate Service Provider;

- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;

- monitoring efforts of the Rebate Service Provider;

- assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the bonds, and no later than 60 days after the last bond of each issue is redeemed;

- during the construction period of each capital project financed in whole or in part by bonds, monitoring the investment and expenditure of bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the bonds; and

- retaining copies of all arbitrage reports and account statements as described below under "Record Keeping Requirements."

The Lessee, in the Tax Certificate and/or other documents finalized at or before the issuance of the bonds, has agreed to undertake the tasks listed above (unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of bonds).

Use of Bond Proceeds and Bond-Financed or Refinanced Assets:

The Lessee shall be responsible for:

- monitoring the use of bond proceeds and the use of bond-financed or refinanced assets (*e.g.*, facilities, furnishings or equipment) throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate;

- maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of the bonds, including a final allocation of bond proceeds as described below under "Record Keeping Requirements;"

- consulting with bond counsel and other legal counsel and advisers in the review of any contracts or arrangements involving use of bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate;

- maintaining records for any contracts or arrangements involving the use of bond-financed or refinanced assets as described below under "Record Keeping Requirements;"

- conferring at least annually with personnel responsible for bond-financed or refinanced assets to identify and discuss any existing or planned use of bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate; and

- to the extent that the Lessee discovers that any applicable tax restrictions regarding use of bond proceeds and bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

The Lessee, in the Tax Certificate and/or other documents finalized at or before the issuance of the bonds, has agreed to undertake the tasks listed above.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirement

The Lessee shall be responsible for maintaining the following documents for the term of each issue of bonds (including refunding bonds, if any) plus at least three years:

- a copy of the bond closing transcript(s) and other relevant documentation delivered to the Lessee at or in connection with closing of the issue of bonds, including any elections made by the Lessee in connection therewith;

- a copy of all material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for Bond proceeds and evidence as to the amount and date for each draw down of Bond proceeds, as well as documents relating to costs paid or reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;

- a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets;

- copies of all trustee statements and reports, including arbitrage reports, prepared with respect to bonds; and

- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

Resolution# 2015-034
Adopted 09/28/2015

RESOLUTION AUTHORIZING DEDICATION OF A PUBLIC RIGHT-OF-WAY FOR ROADWAY, DRAINAGE, AND UTILITY PURPOSES OVER CERTAIN CITY PROPERTY TO THE GENERAL PUBLIC

WHEREAS, the City of Ely is the owner of the tracts of land in the City of Ely, County of St. Louis, State of Minnesota, described as follows:

A 100-feet wide parcel in that part of the Southeast Quarter of the Southwest Quarter, the Southwest Quarter of the Southeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 27, Township 63, Range 12, St. Louis County, Minnesota, the centerline of which is described as follows:

Commencing at the Northeast Corner of the Southwest Quarter of the Southeast Quarter of said section; thence West 409.91 feet along the North line of the Southwest Quarter of the Southeast Quarter of said section; thence South 192.54 feet to the point of beginning of the line to be described; thence N 84 degrees, 48 minutes, 30 seconds East a distance of 343.83 feet to the beginning of a tangential curve; thence 377.04 feet along a tangential curve with a radius of 1100.00 feet; thence N 65 degrees, 10 minutes, 10 seconds East a distance of 356.19 feet to the beginning of a tangential curve; thence 117.76 feet along a tangential curve with a radius of 1600.00 feet; thence N 69 degrees, 23 minutes, 11 seconds East a distance of 625.70 feet to the East line of the Northwest Quarter of the Southeast Quarter of said section and there terminating. The sidelines of said easement an extended or shortened to terminate on the East line of the Northwest Quarter of the Southeast Quarter of said section.
The Survey Map is attached as Exhibit "A".

AND

A 66-feet wide parcel in that part of the Northeast Quarter of the Southeast Quarter of Section 27, Township 63, Range 12, St. Louis County, Minnesota, the centerline of which is described as follows:

Commencing at the Southeast corner of the Southeast Quarter of said section; thence North 00° 20' 18" West, assumed bearing along the east line of said Southeast Quarter, a distance of 2164.31 feet to the point of beginning of the line to be described; thence South 75° 24' 09" West, a distance of 137.78 feet; thence South 69° 19' 11" West, a distance of 1254.60 feet to the west line of the Northeast Quarter of the Southeast Quarter and there terminating. The sidelines of said easement are extended or shortened to terminate on the East line of the Northeast quarter of the Southeast Quarter and the West line of the Northeast Quarter of the Southeast Quarter of said section.
The Survey Map is attached as Exhibit "B".

WHEREAS, the Council of the City of Ely has found and determined that the lands described in this resolution should be dedicated to the public use as a public right-of way for roadway, drainage, and utility purposes.

NOW, THEREFORE BE IT RESOLVED, that the City hereby declares that the lands described in this resolution are hereby dedicated to the use of the general public forever as a public right-of-way for roadway, drainage, and utility purposes.

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Upon vote taken thereon, the following voted:

For:

Against:

Whereupon said Resolution No. 2015-034 was declared duly passed and adopted this 28th day of September, 2015.

IN WITNESS WHEREOF, the undersigned Mayor and Clerk-Treasurer hereby certify the adoption of said resolution effective the date specified below.

DATED this ____ day of September, 2015.

CITY OF ELY:

_____
Mayor

_____
City Clerk-Treasurer

STATE OF MINNESOTA }
COUNTY OF ST.LOUIS } ss.

This instrument was acknowledged before me this _____ day of September 2015, by Charles J. Novak and Harold R. Langowski, the Mayor and City Clerk-Treasurer, respectively, of the City of Ely, a municipal corporation, St. Louis County, Minnesota.

[SEAL]

_____
NOTARY PUBLIC