

CITY OF FRIEND

A meeting of the Mayor and City Council of the City of Friend, Nebraska, was held at the City offices in Friend, Nebraska on the 18 day of FEBRUARY, 2003, at 5:00 o'clock p.m. Present were: FRICKE, Tuttle, Weber, Kunert. Absent were: _____ . Notice of the meeting was given in advance thereof by advance publication in the FRIEND SENTINAL, a designated method for giving notice, as shown by the Affidavit of Publication attached to these minutes. Notice of this meeting was given to the Mayor and all members of the Council and a copy of their acknowledgment of receipt of notice and the agenda is attached to the minutes. Availability of the agenda was communicated in the advance notice and in the notice of this meeting. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Council Member WEBER introduced Resolution No. 03-18 entitled:

A RESOLUTION APPROVING THE FORMATION OF WARREN MEMORIAL HOSPITAL FOUNDATION, INC.; APPROVING THE ISSUANCE OF INDEBTEDNESS BY THE CORPORATION AND THE PLEDGE OF ASSETS AS SECURITY THEREFORE; APPROVING THE CONVEYANCE OF ASSETS OF THE CITY TO THE CORPORATION AND EXECUTION OF A LEASE AGREEMENT WITH THE CORPORATION; AND RELATED MATTERS.

Council Member FRICKE seconded the motion for passage of the Resolution.

The Mayor then stated the question "Shall Resolution No. 03-18 be passed and adopted?"

Upon roll call vote, the following voted YEA: FRICKE, Tuttle, Weber, Kunert

_____. The following voted NAY: _____.

The passage and adoption of said Resolution having been concurred in by a majority of all members

of the Council, the Mayor declared the Resolution adopted and the Mayor in the presence of the Council signed and approved the Resolution and the City Clerk attested the passage and approval of the same and affixed his or her signature thereto. A true, correct and complete copy of said Resolution is as follows:

RESOLUTION NO. 03-18

A RESOLUTION APPROVING THE FORMATION OF WARREN MEMORIAL HOSPITAL FOUNDATION, INC.; APPROVING THE ISSUANCE OF INDEBTEDNESS BY THE CORPORATION AND THE PLEDGE OF ASSETS AS SECURITY THEREFORE; APPROVING THE CONVEYANCE OF ASSETS OF THE CITY TO THE CORPORATION AND EXECUTION OF A LEASE AGREEMENT WITH THE CORPORATION; AND RELATED MATTERS.

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FRIEND, NEBRASKA THAT:

Section 1. The City approves and affirms the formation of Warren Memorial Hospital Foundation, Inc. ("Corporation") for the purpose of supporting the Hospital operated by the City (the "Hospital") including issuing bonds or incurring other indebtedness, acquiring, constructing, remodeling, equipping and furnishing a hospital facility and related and incidental facilities (the "Project"), and leasing the Project to the City. All actions of the Corporation related thereto and with respect to the Loan (as defined below) are hereby ratified and approved.

Section 2. The City has worked with the Corporation to obtain a loan in the amount of \$ 1,500,000 ("Loan") through the United States Department of Agriculture ("USDA"), Rural Development Loan program, to finance the Project.

Section 3. One of the requirements of the USDA with respect to the Loan is that

the City convey title and ownership of the Hospital and the Project to the Corporation.

Section 4. The City determines that it is in the best interests of the City to grant the Corporation the option to purchase the Hospital, including the Project, and if so exercised to transfer, assign and convey the Hospital, including the Project to the Corporation for the purpose of obtaining the Loan and financing the Project pursuant to Section 17-503, R.R.S., Neb. 1997, as amended; and that the execution and delivery of a Warranty Deed and Bill of Sale and related necessary documents conveying the Hospital, including the Project to the Corporation is duly authorized, directed and approved.

Section 5. The execution and delivery of a Lease Agreement with the Corporation in the form presented at this meeting whereby the Corporation agrees to lease and sell the Hospital and the Project back to the City, and whereby the City agrees to lease and purchase the Hospital and the Project from the Corporation pursuant to Section 19-2421, R.R.S. Neb., 1997, as amended, is hereby authorized, directed and approved.

Section 6. The issuance and sale by the Corporation of its notes, bonds or other evidence of indebtedness (the "Notes") to evidence a loan in the amount of \$ 1,500,000 to finance the Project is hereby authorized, directed and approved, such Notes to bear interest at such rates and mature in such amounts and on such dates as are approved by the Corporation, and to be secured by such assets as is determined by the Corporation, including a mortgage and pledge of the Hospital and the Project.

Section 7. It is the intention of the City that the interest on the Notes shall be excludable from gross pursuant to Section 103(a) of the Internal Revenue Code of 1986 and Revenue

Ruling 63-20 issued thereunder, and the Mayor and the City Clerk are authorized to take all actions necessary or appropriate to carry out said intention and to obtain such interest exclusion.

Section 8. The City covenants and agrees that the City, together with its subordinates, (i) shall not issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds as defined in the Code) during the calendar year in which the Notes are issued and (ii) has not designated more than \$10,000,000 of obligations (including the Notes) to date as qualified tax-exempt obligations and hereby designates the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i) of the Code.

Section 9. Without in any way limiting the power, authority, or discretion else where herein granted or delegated, the Mayor and City Council hereby (1) authorizes and directs all of the officers, employees, and agents of the City to carry out, or cause to be carried out, and to perform such obligations of the City and such other actions as they or any one of them shall consider necessary, advisable, desirable, or appropriate in connection with this resolution, and the issuance, sale, and delivery of the Notes including, without limitation and whenever appropriate, the execution and delivery thereof and of all other related documents, instruments, certifications, and opinions; and (2) delegates, authorizes, and directs the Mayor and City Clerk the right, power, and authority to exercise her or his own independent judgment and absolute discretion in determining and finalizing the terms, provisions, form, and contents of each of the foregoing. The execution and delivery by the Mayor or the City Clerk and their approval of all changes, modifications, amendments, revisions, and alterations made therein, and shall conclusively establish their absolute, unconditional, and irrevocable authority with respect thereto from the City and the authorization, approval, and ratification by the City of the documents, instruments, certifications, and opinions so executed and

the action so taken.

Section 10. If any one or more of the provisions of this Resolution should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed severable from the remaining provisions of this Resolution and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution or of the bonds and the owners of the Notes shall retain all the rights and benefits accorded to them under this Resolution and under any applicable provisions of law.

If any provisions of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid in any particular case in any jurisdiction or jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstances, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 11. This Resolution shall be published and take effect as provided by law.

PASSED AND ADOPTED THIS 18 DAY OF FEBRUARY, 2003.

CITY OF FRIEND, NEBRASKA

Roger C. Harnen
Mayor



Heidi L. Gilmer
City Clerk

I, the undersigned, City Clerk of the City of Friend, Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had by the Mayor and City Clerk of the City of Friend on February 18, 2003, that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.



Debbie Gilmer

City Clerk

(S E A L)

**ACKNOWLEDGMENT OF RECEIPT OF
NOTICE OF MEETING**

The undersigned members of the governing body of the City of Friend, Nebraska, hereby acknowledge receipt of advance notice of a meeting of said body and the agenda for such meeting held at **5:00 o'clock p.m. on February 18, 2003** at City Hall.

DATED this 18th day of February, 2003.

Roger C. Harnen
Mayor

Jayce Kunert
Council Member

Dustin W. Drey
Council Member

R. Tuttle
Council Member

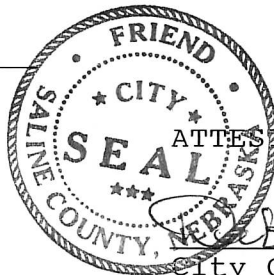
DaFrank
Council Member

I hereby certify that _____ was absent from the City and did not return until after the meeting and could not be notified.

City Clerk

I hereby certify that _____ was absent from the meeting but that, to my personal knowledge, he/she received advance notice of the meeting.

City Clerk



ATTEST:

Abbie L. Gilmer
City Clerk