

CITY OF COLUMBIA HEIGHTS, MINNESOTA

RESOLUTION NO. 2026-60

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF AMENDED BOND DOCUMENTS IN CONNECTION WITH THE CITY'S CHARTER SCHOOL LEASE REVENUE BONDS (PRODEO ACADEMY PROJECT), SERIES 2019A

WHEREAS, on October 9, 2019, in accordance with an Indenture of Trust, dated as of October 1, 2019 (the "Original Indenture"), between the City of Columbia Heights, Minnesota (the "City" or "Issuer") and U.S. Bank Trust Company, National Association, a national banking association and successor-in-interest to U.S. Bank National Association (the "Trustee"), the City issued its Charter School Lease Revenue Bonds (Prodeo Academy Project), Series 2019A (the "Series 2019A Bonds"), in the original aggregate principal amount of \$15,880,000, and its Taxable Charter School Lease Revenue Bonds (Prodeo Academy Project), Series 2019B (the "Series 2019B Bonds" and, together with the Series 2019A Bonds, the "Series 2019 Bonds"), in the original aggregate principal amount of \$335,000, and loaned the proceeds derived from the sale thereof to Friends of Prodeo Inc., a Minnesota nonprofit corporation (the "Company"), pursuant to a Loan Agreement, dated as of October 1, 2019 (the "Original Loan Agreement"), between the City and the Company, for the purpose of financing the acquisition and demolition of an existing building and the construction and equipping of a public charter school facility for grades kindergarten through eighth located at 4141 University Avenue Northeast in the City (the "Project"), which is leased to Prodeo Academy, a Minnesota nonprofit corporation and public charter school (the "School"); and

WHEREAS, the Series 2019B Bonds matured on July 1, 2024 and are no longer outstanding; and

WHEREAS, the Company is proposing to acquire certain charter school facilities located at 147 Geranium Avenue West, 160 Rose Avenue West, 130 Rose Avenue West, 170 Rose Avenue West, and 1143 Albemarle Street and adjacent parking facilities in the City of Saint Paul, Minnesota (the "St. Paul Project") with financing (the "St. Paul Campus Financing") to be provided by The Church of St. Bernard of St. Paul (the "St. Paul Lender"); and

WHEREAS, in connection with the St. Paul Campus Financing, the consent of the Majority Bondholder (as defined in the Original Indenture) of the Series 2019A Bonds is required under the terms of the Original Indenture, and the Majority Bondholder (comprised of the holders of 100% of the outstanding Series 2019A Bonds) has agreed to consent to the Company's entering into the St. Paul Campus Financing and the School's entering into a lease of the St. Paul Project, subject to the execution and delivery of the First Supplemental Indenture, the First Amendment to Loan Agreement, and the First Amendment to Pledge Agreement (each as defined below), among other items; and

WHEREAS, the proposed amendments establish a Stabilization Fund, add a liquidity deposit obligation with respect to such fund, increases the School's minimum Days Cash on Hand (as defined in the Original Indenture) requirement under the Original Loan Agreement and the Original Pledge Agreement, and restrict the distribution or transfer of funds that would cause the School to be out of compliance with such Days Cash on Hand requirement; the proposed amendments, however, do not change the stated bond yield, maturity, scheduled principal or interest payments, redemption provisions, obligor, or priority of the original collateral securing the Series 2019A Bonds; and

WHEREAS, there have been presented to the City Council forms of the following documents:

(i) a First Amendment to Loan Agreement (the "First Amendment to Loan Agreement") between the City and the Company, which amends the Original Loan Agreement to,

among other things, provide for disbursements from and replenishment of a newly established Stabilization Fund;

(ii) a First Supplemental Indenture of Trust (the “First Supplemental Indenture”) between the City and the Trustee, which supplements and amends the Original Indenture to, among other things, establish a Stabilization Fund in the amount of \$750,000 and provide for deposits thereto by the Company and requisitions therefrom; and

(iii) a First Amendment to Pledge and Covenant Agreement (the “First Amendment to Pledge Agreement”) between the School and the Trustee, which amends and supplements the Pledge and Covenant Agreement, dated as of October 1, 2019 (the “Original Pledge Agreement,” and together with the First Amendment to Pledge Agreement, the “Pledge Agreement”), to, among other things, provide for covenants related to the Stabilization Fund; and

WHEREAS, pursuant to Section 11.02 of the Original Indenture, the Majority Bondholder may consent to and approve the execution by the City and the Trustee of indentures supplemental thereto for the purpose of modifying, altering, amending, adding to, or rescinding any of the terms or provisions contained therein and the Company must consent to the execution and delivery of such supplemental indenture; and

WHEREAS, pursuant to Section 12.02 of the Original Indenture and Section 11.6 of the Original Loan Agreement, the Original Loan Agreement may be amended pursuant to the written consent of the Majority Bondholder and the Trustee, respectively; and

WHEREAS, the Company has consented to the execution and delivery of the First Supplemental Indenture and the First Amendment to Pledge Agreement, and the Trustee has consented to the First Amendment to Loan Agreement; and

WHEREAS, Sections 11.03 and 12.03 of the Original Indenture provide that no supplemental indenture may be entered into and the Original Loan Agreement may not be amended unless the Issuer and the Trustee have first received an opinion of a law firm of nationally recognized bond counsel acceptable to the Issuer, the Company and the School (“Bond Counsel”) to the effect that the proposed supplement and amendment do not impair the tax-exempt status of the Tax-Exempt Bonds (defined by the Original Indenture to include the Series 2019A Bonds) and such supplemental indenture is authorized and permitted under the terms of the Original Indenture, and with respect to the Security Agreement (defined to include the Original Loan Agreement) being amended, an opinion of Counsel (as defined in the Original Indenture) that the amendment is authorized and permitted by the document being amended and is enforceable against the Company and, if the Issuer is a party to such Security Agreements, the Issuer; and

WHEREAS, Kutak Rock LLP, Minneapolis, Minnesota, as Bond Counsel to the City, has determined that the proposed amendments will not adversely affect the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes and has prepared an opinion to that effect.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA HEIGHTS, MINNESOTA, AS FOLLOWS:

1. The City Council hereby approves the First Amendment to Loan Agreement, the First Supplemental Indenture, and the First Amendment to Pledge Agreement, each in substantially the forms on file with the City, and authorizes and directs the Mayor and the City Manager to execute and deliver the First Amendment to Loan Agreement and the First Supplemental Indenture in substantially the forms on file, with such omissions and insertions as do not materially change the substance thereof, or as the Mayor and the City Manager, in their discretion, shall determine, and the execution thereof by the Mayor and the City Manager shall be conclusive evidence of such determination.

2. The City Council hereby approves the execution and delivery by the Trustee of the First Supplemental Indenture, the First Amendment to Loan Agreement, and the First Amendment to Pledge Agreement, and any other instruments, certificates, and documents prepared in conjunction with the transactions authorized by this resolution that require execution by the Trustee.

3. The City Council hereby approves the execution and delivery by the Company of the First Amendment to Loan Agreement and the First Supplemental Indenture, by the School of the First Amendment to Pledge Agreement, and by the Company and the School of any other instruments, certificates, including but not limited to a supplemental tax certificate, and documents prepared in conjunction with the transactions authorized by this resolution that require execution by the Company and the School.

4. The City Council hereby directs the preparation of one or more opinions of counsel (which may be Bond Counsel or counsel to the Company and School), to satisfy the requirements of the Original Indenture relating to the proposed amendments, including an opinion that the proposed amendments will not adversely affect the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes.

5. The officers of the City, Bond Counsel, other attorneys, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Series 2019A Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2019A Bonds, the aforementioned documents, and this resolution. In the event that for any reason the Mayor is unable to carry out the execution of any of the documents or other acts provided herein, any other member of the City Council of the City shall be authorized to act in the capacity of the Mayor and undertake such execution or acts on behalf of the City with full force and effect, which execution or acts shall be valid and binding on the City. If for any reason the City Manager is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by a member of the City Council, with the same force and effect as if such documents were executed and delivered by the City Manager.

6. No provision, covenant, or agreement contained in the aforementioned documents, the Series 2019A Bonds, or in any other document relating to the Series 2019A Bonds, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to any pecuniary liability of the City or any charge upon its general credit or taxing powers. The Series 2019A Bonds are and shall remain special, limited obligations of the City payable solely from the revenues derived from the Original Loan Agreement, as amended, and the other sources set forth in the Original Indenture, as supplemented.

7. The Company and the School will pay all costs paid or incurred by the City in connection with the transactions authorized by this resolution.

8. This resolution shall be in full force and effect from and after its passage.

(The remainder of this page is intentionally left blank.)

Approved this 28th day of September, 2026, by the City Council of the City of Columbia Heights,
Minnesota.

Offered by:
Seconded by:
Roll Call:

Amáda Márquez Simula, Mayor

ATTEST:

Aaron Chirpich, City Manager