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Tuesday, March 7, 2023

Sharon Hanson, City Administrator  
E.J. Moberg, Director Of Administrative Services  
City of Marshall  
344 West Main St.  
Marshall, MN 56258

Re: Resolution relating to the approval of an amendment to the Student Housing Revenue Note (SMSU Foundation Residence Hall Project), Series 2005

Dear Sharon and E.J.,

On May 25, 2005, the City of Marshall (the "City") issued its Student Housing Revenue Note (SMSU Foundation Residence Hall Project), Series 2005 (the "Note"), in the original aggregate principal amount of \$5,600,000. The City loaned the proceeds of the Note to Southwest Minnesota State University Foundation, Inc., a Minnesota nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of May 1, 2005 (the "Loan Agreement"), between the City and the Borrower, for the purposes of financing the construction and equipping of a 140-bedroom, forty-unit student housing facility located adjacent to the campus of Southwest Minnesota State University in the 1400 Block of Birch Street in the City of Marshall, Lyon County, Minnesota (the "Project"), and the payment of certain financing and issuance costs related to the Note.

The Note was purchased by Bremer Bank, National Association, a national banking association (the "Lender"). Pursuant to the terms of the Note, the interest rate on the Note is adjustable on certain dates at rates determined by the Lender using the five-year London Interbank Offered Rate ("LIBOR") Swap formula; however, the use of LIBOR is currently being phased out and will no longer be available after June 30, 2023. As a result, the Lender has informed the City and the Borrower that interest on the Note will be calculated using the 5-year Treasury Constant Maturity index, and such change (the "Amendment") must be reflected in the Note.

The Borrower would like the City to consider the enclosed resolution at an upcoming City Council meeting, which would approve the Amendment to the Note. To memorialize the Amendment, the City will be asked to execute an Allonge to the Note.

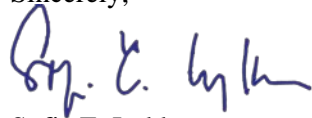
Kennedy & Graven, Chartered, as bond counsel to the City, has determined that such Amendment to the Note will not be considered a significant modification of the Note and will not result in a reissuance of the Note for tax purposes pursuant to Section 1.1001-3 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended, as the Amendment replaces an operative rate that references LIBOR with a qualified floating rate (as defined in Treasury Regulation Section 1.1275-5(b)).

The Note will continue to be secured solely by the revenues derived from the Loan Agreement and from other security provided by the Borrower. The Note will not constitute a general or moral obligation of the City and will not be secured by or payable from any property or assets of the City (other than the interests of the City in the Loan Agreement) and will not be secured by any taxing power of the City. The Note will not be subject to any debt limitation imposed on the City. The Note was designated “bank-qualified” in 2005 and will continue to be treated as “bank qualified” after the Amendment to the Note. The Amendment to the Note will not impact the City’s ability to issue “bank-qualified” bonds in calendar year 2023.

The Amendment to the Note will not be considered a new issuance of debt by the City. On the original date of issuance of the Note, the City received a one-time administrative fee for the issuance of conduit bonds in the amount of \$14,000.00 (one-quarter of one percent (0.25%) of the principal amount of the Note). While the City will not collect an additional administrative fee in connection with the Amendment, any actual costs incurred by the City, including legal fees, will be paid by the Borrower.

Please contact me with any questions on the foregoing.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sofia E. Lykke". The signature is fluid and cursive, with the first name "Sofia" and last name "Lykke" clearly distinguishable.

Sofia E. Lykke

## NOTICE OF INTEREST RATE CHANGE

March 7, 2023

Southwest Minnesota State University  
Foundation, Inc. (SMSU Foundation)  
1501 State Street  
Marshall, Minnesota 56258  
Attn: Executive Director

City of Marshall, Minnesota  
344 W. Main Street  
Marshall, Minnesota 56258  
Attn: City Administrator

Kennedy & Graven, Chartered  
150 S. Fifth Street, Ste. 700  
Minneapolis, MN 55402

**Re: City of Marshall, Minnesota Student Housing Revenue Note (SMSU Foundation Residence Hall Project), Series 2005 dated May 25, 2005 issued to Bremer Bank, National Association (“Lender”) in the original principal amount of \$5,600,000.00 (the “Note”)**

Ladies and Gentlemen:

As you are aware, the interest rate for the Note commencing on May 25, 2025 is based on the LIBOR Rate (as defined in the Note). The LIBOR Rate will no longer be available commencing July 1, 2023. The terms of the Note provide, in part, as follows:

“(b) The Interest Rate shall be adjusted by the Holder on May 25, 2010, May 25, 2015, May 25, 2020, and May 25, 2025 (each an “Adjustment Date”), to an interest rate per annum equal to the tax-exempt equivalent rate of the taxable interest rate determined as the sum of: (i) the LIBOR Rate (as hereinafter defined) on the Adjustment Date; and (ii) 275 basis points. The Interest Rate shall be effective from each Adjustment Date to and including the day prior to the subsequent Adjustment Date or, with respect to the May 25, 2025 Adjustment Date, to and including the day prior to the Maturity Date. For purposes of this Note, the term “LIBOR Rate” means, as of the determination date, the five-year LIBOR Swap, as published by Bloomberg L.P. In determining the Interest Rate on each Adjustment Date as the tax-exempt equivalent rate of the taxable interest rate equal to the sum of the LIBOR Rate and 275 basis points, the Holder shall establish such Interest Rate at a rate per annum that would permit the Note to be sold at par (whether or not the Note is actually offered for sale or

sold). Each determination of the Interest Rate by Holder shall be made in the sole discretion of the Holder and shall be final.”

The Lender hereby notifies you that effective July 1, 2023, the LIBOR Rate shall be replaced with the 5 Year Treasury Constant Maturity Rate, which is an interest rate subject to change from time to time based on changes in an independent index which is the business day rate on the U.S. Treasury securities adjusted to a constant maturity of 5 years as is published in the Federal Reserve Statistical Release and Historical Data. This is a rate that is comparable to the LIBOR Rate under the Note.

Enclosed herewith is Allonge to the Note (the “Allonge”) which evidences the new rate for the Note. We would request the City of Marshall, Minnesota, as the Issuer, and Southwest Minnesota State University Foundation, Inc., as the Borrower, execute the enclosed Allonge and return it to the undersigned at the following address:

Bremer Bank, National Association  
208 East College Drive  
Marshall, MN 56258  
Attn: Chad Drake

Bremer Bank, National Association

By: Chad Drake  
Its: Market President

/enclosure

## ALLONGE TO NOTE

This Allonge to Note is dated and effective as of \_\_\_\_\_, 2023 (the "Effective Date") and is attached to and made a part of that certain Student Housing Revenue Note (SMSU Foundation Residence Hall Project), Series 2005 (the "Note"), dated May 25, 2005, issued by the City of Marshall, Minnesota, a municipal corporation and political subdivision of the State of Minnesota (the "Issuer"), in the original principal amount of \$5,600,000.00 in favor of Bremer Bank, National Association, a national banking association ("Lender"). The Note is currently outstanding in the principal amount of \$\_\_\_\_\_. Proceeds of the Note were loaned to Southwest Minnesota State University Foundation, Inc., a Minnesota nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of May 1, 2005, between the Issuer and the Borrower.

Due to the unavailability of the LIBOR Rate (as defined in the Note) after June 30, 2023, and as contemplated by the terms of the Note in the event of such unavailability, subparagraph (b) of the Note is hereby deleted and replaced in its entirety with the following:

"(b) The Interest Rate shall be adjusted by the Holder on May 25, 2010, May 25, 2015 and May 25, 2020 (each an "Adjustment Date"), to an interest rate per annum equal to the tax-exempt equivalent rate of the taxable interest rate determined as the sum of: (i) the LIBOR Rate (as hereinafter defined) on the Adjustment Date; and (ii) 275 basis points. The Interest Rate shall be effective from each Adjustment Date to and including the day prior to the subsequent Adjustment Date. The Interest Rate shall be adjusted by the Holder on May 25, 2025 (also an "Adjustment Date"), to an interest rate per annum equal to the tax-exempt equivalent rate of the taxable interest rate determined as the sum of (i) the 5 Year Treasury Constant Maturity Rate (as hereinafter defined) on the May 25, 2025 Adjustment Date; and (ii) 280 basis points. The Interest Rate to be adjusted on May 25, 2025 shall be effective from such Adjustment Date to and including the day prior to the Maturity Date.

For purposes of this Note:

(i) the term "LIBOR Rate" means, as of the determination date, the five-year LIBOR Swap, as published by Bloomberg L.P. In determining the Interest Rate on the Adjustment Dates in 2010, 2015 and 2020 as the tax-exempt equivalent rate of the taxable interest rate equal to the sum of the LIBOR Rate and 275 basis points, the Holder shall establish such Interest Rate at a rate per annum that would permit the Note to be sold at par (whether or not the Note is actually offered for sale or sold). Each determination of the Interest Rate by the Holder shall be made in the sole discretion of the Holder and shall be final.

(ii) the term "5 Year Treasury Constant Maturity Rate" means as of the determination date an interest rate subject to change from time to time based on changes in an independent index which is the business day rate on the U.S. Treasury securities adjusted to a constant maturity of 5 years as is published in the Federal Reserve Statistical Release and Historical Data (the "Index"). The Index is not necessarily the lowest rate charged by the Holder on its loans. If the Index becomes unavailable during the term of this loan, the Holder may designate a substitute index after notifying the Borrower and the Issuer. The Holder will tell the Borrower and Issuer the current Index upon their request. In determining the Interest Rate on the Adjustment Date in 2025 as the tax-exempt equivalent rate of the taxable interest rate equal to the sum of the 5 Year Treasury Constant Maturity Rate and 280 basis points, the Holder shall establish such Interest Rate at a rate per annum that would permit the Note to be sold at par (whether or not the Note is actually offered for sale or sold). Each determination of the Interest Rate by the Holder shall be made in the sole discretion of the Holder and shall be final.

*(signature page to follow)*

*(signature page to Allonge)*

IN WITNESS WHEREOF, the undersigned representatives of the Issuer, the Lender, and the Borrower have executed this Allonge to Note as of the Effective Date.

ISSUER: City of Marshall, Minnesota

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

By: \_\_\_\_\_  
Its City Administrator

*(signature page to Allonge)*

Agreed to and accepted as of the Effective Date.

LENDER:

Bremer Bank, National Association

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



*(signature page to Allonge)*

Agreed to and accepted as of the Effective Date.

BORROWER:

Southwest Minnesota State University  
Foundation, Inc. (SMSU Foundation)

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

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

1218.745-Allonge