

**CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY**

RESOLUTION 2024-15

**RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE OBLIGATIONS FOR THE
BENEFIT OF VISTA PRAIRIE AT EAGLE POINTE, LLC; APPROVING THE EXECUTION OF
THE REVENUE OBLIGATIONS AND RELATED DOCUMENTS; AND TAKING OTHER ACTIONS
WITH RESPECT THERETO**

BE IT RESOLVED by the City Council (the “City Council”) of the City of St. Francis, Minnesota (the “City”), as follows:

Section 1. Findings.

1.01. Minnesota Statutes, Chapter 462C, as amended (the “Act”), authorizes the City to carry out the public purposes described in the Act by providing for the issuance of revenue bonds to provide funds to finance multifamily housing developments (including independent living, assisted living, and memory care facilities).

1.02. Pursuant to Minnesota Statutes, Section 471.656, as amended, a municipality may issue obligations to finance the acquisition or improvement of property located outside of the corporate boundaries of such municipality if the obligations are issued under a joint powers agreement between the municipality issuing the obligations and the municipality in which the property to be acquired or improved is located. Pursuant to Minnesota Statutes, Section 471.59, as amended, by the terms of a joint powers agreement entered into through action of their governing bodies, two or more municipalities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised and the joint powers agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units.

1.03. Vista Prairie at Eagle Pointe, LLC, a Minnesota limited liability company, or any of its affiliates (collectively, the “Borrower”), the sole member of which is Governmental and Educational Assistance Corporation, an Arkansas nonprofit corporation doing business as Vista Prairie Communities (the “Sole Member”), has proposed that the City issue one or more series of tax-exempt and taxable revenue obligations (the “City Notes”) in an estimated aggregate principal amount not to exceed \$11,000,000. The Borrower has proposed to apply the proceeds of the City Notes, along with the proceeds of revenue notes proposed to be issued by the City of Nowthen, Minnesota (the “City of Nowthen”) in an estimated aggregate principal amount not to exceed \$10,000,000 (the “Nowthen Note”) and the City of Ham Lake, Minnesota (the “City of Ham Lake”) in an estimated aggregate principal amount not to exceed \$10,000,000 (the “Ham Lake Note,” and collectively with the City Notes and the Nowthen Note, the “Notes”), to finance all or a portion of the costs of the acquisition, construction, and equipping of an approximately 134-unit

senior living community, including approximately 59 independent living units and one guest suite for visitors, 43 assisted living units, 8 assisted living care suites, and 24 memory care units, to be located at 23440 Ambassador Boulevard NW in the City (the "Project"). The Project will be owned and operated by the Borrower.

1.04. In accordance with the Act, the City, the City of Nowthen, and the City of Ham Lake have prepared a joint housing program (the "Housing Program"), which authorizes the issuance of the Notes by the City, the City of Nowthen, and the City of Ham Lake to finance the Project. The Housing Program was submitted to Metropolitan Council for its review and comment.

1.05. The Sole Member has represented to the City that it is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the application of Section 501(c)(3) of the Code. The Borrower is a disregarded entity of the Sole Member.

1.06. Under Section 147(f) of the Code, prior to the issuance of the City Notes, the City Council must conduct a public hearing after one publication of notice in a newspaper circulating generally in the City at least seven (7) days before the hearing. Under Section 462C.04, subdivision 2 of the Act, a public hearing must be held on the Housing Program after one publication of notice in a newspaper circulating generally in the City at least fifteen (15) days before the hearing.

1.07. Under Section 147(f) of the Code, prior to the issuance of the Nowthen Note and the Ham Lake Note, the City Council must consent to the issuance of the Nowthen Note and the Ham Lake Note by the City of Nowthen and the City of Ham Lake, respectively, after conducting a public hearing thereon preceded by publication of notice in a newspaper circulating generally in the City at least seven (7) days before the hearing.

1.08. On the date hereof, the City Council conducted a public hearing on the Project, the Housing Program, the issuance of the City Notes, and host approval for the issuance of the Nowthen Note and the Ham Lake Note. As required by Section 462C.04, subdivision 2 of the Act and Section 147(f) of the Code, notice of the hearing was published in the *Anoka County Union Herald*, the official newspaper of and a newspaper circulating generally in the City, at least fifteen (15) days before a meeting of the City Council on the date hereof. At the public hearing, a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, on the Project, the Housing Program, the proposed issuance of the City Notes, and host approval for the issuance of the Nowthen Note and the Ham Lake Note.

1.09. The City Notes are to be issued under the terms of this resolution. Sunrise Banks, National Association, a national banking association (the "Lender"), has agreed to purchase the City Notes pursuant to a Note Purchase Agreement (the "Note Purchase Agreement") between the City, the Borrower, and the Lender. The proceeds derived from the sale of the City Notes (the "Loan") are to be loaned by the City to the Borrower pursuant to the terms of a Loan Agreement (the "Loan Agreement") between the City and the Borrower. Proceeds of the City Notes will be applied by the Borrower to (i) finance a portion of the costs of the acquisition, construction, and

equipping of the Project; (ii) finance capitalized interest on the City Notes, if necessary; (iii) finance any required reserves; and (iv) pay the costs of issuing the City Notes. The proceeds of the City Notes will be disbursed pursuant to the terms of the Loan Agreement and a disbursing agreement between the Borrower and the Lender and any other parties named therein (the “Disbursing Agreement”).

1.10. The loan repayments required to be made by the Borrower under the terms of the Loan Agreement and certain other rights will be assigned to the Lender under the terms of an Assignment of Loan Agreement (the “Assignment”) between the City and the Lender.

1.11. In consideration of the Loan by the City and to secure the payment of its obligations under the Loan Agreement and the principal of, premium, if any, and interest on the City Notes when due, the Borrower will execute and deliver a mortgage document granting a mortgage lien on certain property of the Borrower (the “Mortgage”) in favor of the Lender. The Loan will be further secured by, among other documents, a security agreement and one or more guaranties.

1.12. The principal of, premium, if any, and interest on the City Notes (i) shall be payable solely from the revenues pledged and otherwise available therefor; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; and (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City’s interest in the Loan Agreement.

Section 2. Housing Program. The Housing Program, in the form substantially on file with the City, is hereby approved.

Section 3. City Notes.

3.01. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the City Notes in an aggregate principal amount not to exceed \$11,000,000. The City Notes shall bear interest at rates designated by the terms of the City Notes, and shall be designated, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the forms of the City Notes now on file with the City, with the amendments referenced herein. The City hereby authorizes all or a portion of the City Notes to be issued as a “tax-exempt bond” the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes; provided, however, that the principal amount of the City Notes to be issued on a tax-exempt basis (the “Tax-Exempt City Note”) is not expected to exceed \$10,000,000.

3.02. All of the provisions of the City Notes, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The City Notes shall be substantially in the forms now on file with the City, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions as the Mayor and the City Administrator, in their discretion, shall determine. The Mayor and the City Administrator are authorized and directed to prepare the City Notes, and the City Notes shall be

delivered to the Lender. The execution of the City Notes with the manual or facsimile signatures of the Mayor and the City Administrator and the delivery of the City Notes by the City shall be conclusive evidence of such determination. The City Council hereby authorizes and directs the Mayor and the City Administrator to execute and deliver the City Notes.

3.03. The City Notes shall be special, limited obligations of the City, and the principal of, premium, if any, and interest on the City Notes shall be payable solely from the proceeds of the City Notes, the revenues derived from the Borrower pursuant to the terms of the Loan Agreement and the security provided by the Borrower in accordance with the terms of the Loan Agreement, the Mortgage, any security agreement, any guaranties, the other related loan documents described in the Loan Agreement, and any and all other security of any kind or nature provided by the Borrower to the Lender.

3.04. As provided in the Loan Agreement, the City Notes shall not be payable from or charged upon any funds other than the revenues pledged to its payment, nor shall the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the City Notes shall ever have the right to compel any exercise by the City of its taxing powers to pay any of the City Notes or the interest or premium thereon, or to enforce payment thereof against any property of the City except the interests of the City in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Lender under the Assignment. The City Notes shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except the interests of the City in the Loan Agreement, and the revenues and assets thereunder, which will be assigned to the Lender under the Assignment. The City Notes shall recite that the City Notes are issued pursuant to the Act and that the City Notes, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the City Notes shall not constitute a debt of the City within the meaning of any constitutional or statutory limitations.

3.05. The Tax-Exempt City Note is hereby designated a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

Section 4. Host Approval.

4.01. The City Council finds that it is in the best interest of the City to approve the issuance of the Nowthen Note by the City of Nowthen and the Ham Lake Note by the City of Ham Lake to finance a portion of the costs of the acquisition, construction, and equipping of the Project and hereby consents to the issuance of the Nowthen Note by the City of Nowthen and the Ham Lake Note by the City of Ham Lake for the purposes set forth above.

4.02. The Nowthen Note and the Ham Lake Note shall be special, limited obligations of the City of Nowthen and the City of Ham Lake, respectively, payable solely from the revenues and security provided by the Borrower to the City of Nowthen and the City of Ham Lake and pledged to the payment of the Nowthen Note and the Ham Lake Note.

Section 5. Agreements. The Mayor and the City Administrator are hereby authorized and directed to execute and deliver the Loan Agreement, the Assignment, the Note Purchase

Agreement, and the Cooperative Agreement. All of the provisions of the Loan Agreement, the Assignment, the Note Purchase Agreement, and the Cooperative Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Loan Agreement, the Assignment, the Note Purchase Agreement, and the Cooperative Agreement shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Mayor and the City Administrator, in their discretion, shall determine, and the execution thereof by the Mayor and the City Administrator shall be conclusive evidence of such determination.

Section 6. Disbursements of Proceeds of City Notes. The proceeds of the City Notes shall be disbursed in accordance with the terms of the Loan Agreement and the Disbursing Agreement.

Section 7. Other Documents. The Mayor, the City Administrator, and the Finance Director of the City are hereby authorized to execute and deliver, on behalf of the City, such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the City Notes, including one or more certificates of the City, an endorsement of the City to the tax certificate of the Borrower, an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, and all other documents and certificates as shall be necessary and appropriate in connection with the issuance, sale, and delivery of the City Notes. The City hereby authorizes Kennedy & Graven, Chartered, as bond counsel to the City (“Bond Counsel”) to prepare, execute, and deliver its approving legal opinion with respect to the City Notes.

Section 8. Declaration of Intent to Reimburse Costs. The United States Department of the Treasury has promulgated final regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or a borrower from the City for project expenditures paid prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the “Regulations”) require that the City adopt a statement of official intent to reimburse an original expenditure not later than sixty (60) days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within eighteen (18) months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

To the extent any portion of the proceeds of the City Notes will be applied to expenditures with respect to the Project, the City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the City Note after the date of payment of all or a portion of such expenditures. All reimbursed expenditures shall be capital expenditures, costs of issuance of the City Notes, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Section 9. The City and Its Officers, Employees, and Agents.

9.01. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the City or the City Council by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the City or by such members of the City Council, or such officers, board, body, or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

9.02. No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the City Council, or any officer, agent, or employee of the City in that person's individual capacity, and neither the City Council nor any officer or employee executing the City Notes shall be liable personally on the City Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

9.03. No provision, covenant, or agreement contained in the aforementioned documents, the City Notes, or in any other document relating to the City Notes, 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. In making the agreements, provisions, covenants, and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreement which are to be applied to the payment of the City Notes, as provided therein.

9.04. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the City or any holder of the City Notes, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the City and any holders from time to time of the City Notes.

Section 10. Severability. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 3.03 hereof, or of the aforementioned documents, or of the City Notes issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the City Notes, but this resolution, the aforementioned documents, and the City Notes shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

Section 11. Validity of the City Notes. The City Notes, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the City Notes and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the City Notes, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

Section 12. Authorization for Other Acts. The officers of the City, Bond Counsel, other attorneys, engineers, 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 City Notes for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the City Notes, 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 persons delegated the duties of the Mayor 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 Administrator is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any person delegated the duties of the City Administrator, with the same force and effect as if such documents were executed and delivered by the City Administrator.

Section 13. Payment of Costs. The Borrower has agreed to pay directly or through the City any and all costs paid or incurred by the City in connection with the transactions authorized by this resolution, whether or not the City Notes are issued.

Section 14. Payment of City's Administrative Fee. The Loan Agreement will require the Borrower to pay the City's administrative fee as a conduit bond issuer when the City Notes are issued.

Section 15. Effective Date. This resolution shall be in full force and effect from and after its passage.

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

Adopted by the City Council of the City of St. Francis, Minnesota, this 6th day of May, 2024.

Joseph Muehlbauer, Mayor

Attest:

Jennifer Wida, City Clerk