

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[Resolution authorizing the issuance and sale of a conduit charter school lease revenue note, under Minnesota Statutes, Sections 469.152 through 469.1655, for the Hmong College Prep Academy Project, 1515 Brewster Street and approving related documents; District 10, Ward 4]

WHEREAS, the Port Authority of the City of Saint Paul (the "PASP") is duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, the PASP is authorized by Minnesota Statutes, Sections 469.048 through 469.068 and 469.084, as amended, and by Minnesota Statutes, Sections 469.152 through 469.1655, as amended (collectively, the "Act"), to issue its revenue bonds to, among other things, finance, in whole or in part, the cost of the acquisition, construction, improvement, or extension of a revenue producing enterprise, whether or not operated for profit; and

WHEREAS, Hmong Education Reform Company, a Minnesota nonprofit corporation (the "Borrower") has requested that the PASP issue a revenue note to be designated Charter School Lease Revenue Note (Hmong College Prep Academy Project), Series 2020-2 in an original aggregate principal amount not to exceed \$7,000,000 (the "2020 Note") and loan the proceeds derived from the sale of the 2020 Note to the Borrower, pursuant to the terms of a Loan Agreement dated on or after September 1, 2020 (the "Loan Agreement"), between the PASP and the Borrower to be used, together with funds held by the bond trustee for the Series 2012A Bonds (as defined below) and Hmong College Prep Academy, a Minnesota nonprofit corporation and public charter school (the "School") and proceeds of revenue bond to be issued by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), to: (i) finance costs related to the acquisition, construction and equipping of a new approximately 93,000 square foot middle school with approximately 45 classrooms, a new gym, robotics suite, offices, and other support areas on 3 floors and remodeling of an approximately 13,500 square foot portion of the existing school facility and an approximately 3,000 square foot addition thereto to connect the existing building and the new building via skyway all located at 1515 Brewster Street in the City of Saint Paul, Minnesota (the "City") (collectively, and together with related facilities and improvements, the "School Facility"); (ii) refund the HRA's Charter School Lease Revenue Bonds (Hmong Education Reform Company) Series 2012A (the "Series 2012A Bonds"), the proceeds of which financed the renovation and expansion of the School Facility including the acquisition of an approximately 1.33-acre parking lot and financed or refinanced other improvements to the School Facility; (iii) if necessary, fund a debt service reserve fund; (iv) pay a portion of the interest on the 2020 Note, if necessary; and (v) pay the costs of issuing the 2020 Note (collectively, the "Project"); and

WHEREAS, the Project will be owned by the Borrower and will be leased to and operated by the School; and

WHEREAS, pursuant to Section 469.154, subdivision 4, of the Act, prior to submitting an application to the Minnesota Department of Employment and Economic Development (“DEED”) for approval of the Project, the Board of Commissioners of the PASP must conduct a public hearing on the proposal to undertake and finance the Project; and

WHEREAS, a draft copy of the proposed application to DEED, together with all attachments and exhibits, was available for public inspection following the publication of the notice; and

WHEREAS, pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder, a notice of public hearing in the required form was published in the Legal Ledger, the official newspaper of the PASP, and in the Pioneer Press, a newspaper of general circulation in the City at least 14 days, but not more than 30 days, prior to the date hereof; and

WHEREAS, on this date, following the publication of a notice of a public hearing as required by the Act and the Code, the Board conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal to undertake and finance the Project and the proposed issuance of the 2020 Note (the “Public Hearing”) as requested by the Borrower.

WHEREAS, the 2020 Note proposed to be issued by the PASP to partially finance the Project will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement; (ii) a pledge and assignment of all School revenues, as more specifically set forth in the Financing Documents (defined below) including money due to the School from the State of Minnesota Lease Aid Payment Program (the “Program”); (iii) an agreement to pay the money due to the School from the Program to a dedicated account subject to a monthly transfer to Trustee (defined below) held accounts for the benefit of the holders of the 2020 Note, as more specifically set forth in the Financing Documents; (iv) other revenues pledged to or otherwise received by the Borrower, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; (v) a debt service reserve fund which may be funded by proceeds of the 2020 Note or by a grant from the Charter School Financing Partnership, LLC, a Delaware limited liability company (“CSFP”) to be held by the Trustee (defined below) for the benefit of the holders of the 2020 Note; (vi) a first mortgage and security agreement granted by the Borrower with respect to the Project; (vii) an operating reserve fund; and (viii) other security provided or arranged by the Borrower or the School; and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the 2020 Note may not be issued as tax-exempt bonds unless the Board of Commissioners of the PASP (the “Board”) approves the 2020 Note after a public hearing

following publication of a notice published in accordance with the requirements of the Code and the applicable Treasury Regulations; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the 2020 Note of the PASP in an original aggregate principal amount not to exceed \$7,000,000. If the 2020 Note is issued in more than one series, the separate series shall be separately designated in such manner as is deemed appropriate by the President and Chair of the PASP (collectively, the "PASP Officials"), in their discretion. The 2020 Note shall be issued as additional bonds on parity with all or a portion of the HRA's (i) outstanding Charter School Lease Revenue Bonds (Hmong College Prep Academy Project) Series 2016A, in the aggregate principal amount of \$43,330,000 (the "Series 2016A Bonds"), (ii) outstanding Taxable Charter School Lease Revenue Bonds (Hmong College Prep Academy Project), Series 2016B, in the aggregate principal amount of \$1,250,000 (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 Bonds") and (iii) the Charter School Lease Revenue Bonds (Hmong College Prep Academy Project) Series 2020A, being issued concurrently with the 2020 Note in the aggregate principal amount not to exceed \$29,085,000 (the "Series 2020A Bonds") under the terms of a Second Amended and Restated Indenture of Trust, dated on or after September 1, 2020 (the "Indenture"), between the HRA and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture of Trustee, dated on or after September 1, 2020 (the "Supplemental Indenture") between the PASP and the Trustee, with the consent of the Borrower.

The 2020 Note shall bear interest at a rate or rates established by the terms of the Supplemental Indenture; provided that the net interest cost for the 2020 Note shall not exceed 4.50% per annum.

The 2020 Note 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 Supplemental Indenture, in substantially the form on file with the PASP, with the amendments referenced herein. The PASP hereby authorizes the 2020 Note to be issued as a "tax-exempt bond" the interest on which is excluded from gross income for federal and State of Minnesota income tax purposes. Any separate series of 2020 Note may be issued as "taxable bonds" if deemed necessary and appropriate by the PASP Officials and bond counsel.

All of the provisions of the 2020 Note, 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 2020 Note shall be substantially in the form in the Supplemental Indenture on file with the PASP, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the 2020 Note, the stated maturity of the 2020 Note, the principal amount of the 2020 Note maturing on the maturity date,

the interest rate on the 2020 Note, and the terms of redemption of the 2020 Note) as the PASP Officials, in their discretion, shall determine. The execution of the 2020 Note with the manual or facsimile signatures of the PASP Officials and the delivery of the 2020 Note by the PASP shall be conclusive evidence of such determination.

2. The 2020 Note shall be a special limited obligation of the PASP payable solely from the revenues provided by the Borrower pursuant to the Loan Agreement, executed in connection with the issuance of the 2020 Note, and from the revenues and security pledged, assigned, and granted pursuant to the following documents: (i) the Second Amended and Restated Mortgage, Security Agreement and Assignment of Rents, dated on or after September 1, 2020 (the "Mortgage"), from the Borrower, as mortgagor, to the Trustee, as mortgagee; (ii) the Assignment of Lease, dated on or after September 1, 2020 (the "Assignment"), from the Borrower, as assignor, to the Trustee, as assignee and consented to by the School; (iii) the Second Amended and Restated Pledge and Covenant Agreement, dated on or after September 1, 2020 (the "Pledge Agreement"), from the School to the Trustee; and (v) if necessary, a CSFP Reserve Fund Agreement, dated on or after September 1, 2020 (the "CSFP Reserve Fund Agreement") by and among the PASP, the Trustee and CSFP. The proceeds of the 2020 Note will be disbursed pursuant to a Disbursing Agreement, dated on or after September 1, 2020 (the "Disbursing Agreement"), among the Borrower, Northeast Bank, a Minnesota state banking corporation (the "Lender") and a disbursing agent to be selected by the Borrower, and will be subject to the provisions of a Tax Regulatory Agreement, dated on or after September 1, 2020 (the "Tax Regulatory Agreement"), among the Borrower, the School and the Trustee. The Board hereby authorizes and directs the PASP Officials to execute and deliver the Supplemental Indenture to the Trustee, and hereby authorizes and directs the execution of the 2020 Note in accordance with the terms of the Supplemental Indenture, and hereby provides that the Supplemental Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the 2020 Note, the PASP, and the Trustee as set forth therein.

All of the provisions of the Supplemental Indenture, 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 Supplemental Indenture shall be substantially in the form on file with the PASP, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the PASP Officials, in their discretion, shall determine, and the execution thereof by the PASP Officials shall be conclusive evidence of such determination.

3. The loan repayments to be made by the Borrower under the Loan Agreement are fixed to produce revenues sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the 2020 Note issued under this resolution when due, and the Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof,

and all lawfully imposed taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement.

4. As provided in the Loan Agreement, the 2020 Note shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, nor shall the PASP or the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the 2020 Note shall ever have the right to compel any exercise by the PASP or the City of any taxing powers to pay the 2020 Note or the interest or premium thereon, or to enforce payment thereof against any property of the PASP or the City except the interests of the PASP in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Trustee under the terms of the Supplemental Indenture. The 2020 Note shall recite that the 2020 Note is issued pursuant to the Act, and that the 2020 Note, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the 2020 Note shall not constitute a debt of the PASP or the City within the meaning of any constitutional or statutory limitations.

5. The 2020 Note will be purchased by the Lender pursuant to the Note Purchase Agreement (the "Note Purchase Agreement"), among the Lender, the PASP, the Borrower, and the School.

6. The PASP hereby approves and authorizes and directs the PASP Officials to execute and deliver the Loan Agreement, the Supplemental Indenture, the CSFP Reserve Fund Agreement, the Note Purchase Agreement, and such other documents as bond counsel to the PASP considers appropriate in connection with the issuance of the 2020 Note (collectively, the "Financing Documents"). All of the provisions of the Financing Documents, 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 Financing Documents shall be substantially in the forms on file with the PASP which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the PASP Officials, in their discretion, shall determine, and the execution of the Financing Documents by the PASP Officials shall be conclusive evidence of such determination.

7. The PASP Officials and other officers, employees, and agents of the PASP are hereby authorized to execute and deliver, on behalf of the PASP, the Financing Documents to which it is a party and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the 2020 Note, including various certificates of the PASP, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate as to arbitrage and rebate, and similar documents. The PASP hereby approves the execution and delivery by the Trustee of the Supplemental Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the 2020 Note that require execution by the Trustee. The Trustee is hereby appointed as bond registrar and paying agent with respect to the 2020 Note. The PASP hereby authorizes Kennedy & Graven, Chartered, as bond counsel

of the PASP, to prepare, execute, and deliver its approving legal opinion with respect to the 2020 Note.

8. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the PASP or the Board by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the PASP or by such members of the Board, 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.

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 Board of Commissioner of the PASP, or any officer, agent, or employee of the PASP in that person's individual capacity, and neither the Board nor any officer or employee executing the 2020 Note shall be liable personally on the 2020 Note or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant, or agreement contained in the aforementioned documents, the 2020 Note or in any other document relating to the 2020 Note, and no obligation therein or herein imposed upon the PASP or the breach thereof, shall constitute or give rise to any pecuniary liability of the PASP or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the PASP 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 2020 Note, as provided therein and in the Supplemental Indenture.

9. 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 PASP or any holder of the 2020 Note issued under the provisions of this resolution, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the PASP and any holder from time to time of the 2020 Note issued under the provisions of this resolution.

10. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 4 hereof, or of the aforementioned documents, or of the 2020 Note 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 2020 Note, but this resolution, the aforementioned documents, and the 2020 Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

11. The 2020 Note, 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

2020 Note 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 2020 Note, 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.

12. The officers of the PASP, bond counsel, other attorneys, engineers, and other agents or employees of the PASP are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the 2020 Note for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the 2020 Note, the aforementioned documents, and this resolution. In the event that for any reason any of the PASP Officials is unable to carry out the execution of any of the documents or other acts provided herein, such documents may be executed and such actions may be taken by any official or employee of the PASP or the City delegated the duties of any such PASP Official with the same force and effect as if such documents were executed and delivered by such PASP Official.

13. The Borrower has agreed and it is hereby determined that any and all costs incurred by the PASP in connection with the financing of the Project will be paid by the Borrower. It is understood and agreed that the Borrower shall indemnify, defend and hold harmless the PASP against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the PASP) arising with respect to the Project or the 2020 Note, as provided for and agreed to by and between the Borrower and the PASP in the Loan Agreement.

14. The authority to approve, execute and deliver future amendments and consents to the Financing Documents entered into by the PASP in connection with the issuance of the 2020 Note and consents required under the financing documents is hereby delegated to the President, subject to the following conditions: (a) such amendments or consents do not require the consent of the respective holders of the 2020 Note or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the PASP; (c) such amendments or consents do not contravene or violate any policy of the PASP, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the PASP to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the President shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the President any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the PASP or the City authorized to act in his/her place and stead.

15. In order to qualify the 2020 Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the PASP hereby makes the following factual findings;

- (a) the 2020 Note will be issued after August 7, 1986;
- (b) the 2020 Note is not treated as a “private activity bond” under Section 265(b)(3) of the Code;
- (c) the PASP has designated the 2020 Note as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the PASP (and all entities whose obligations will be aggregated with those of the PASP) during the calendar year 2020 will not exceed \$10,000,000; and
- (e) not more than \$10,000,000 of obligations issued by the PASP during the calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code.

16. The PASP has established a governmental program of acquiring purpose investments for qualified 501(c)(3) organizations’ projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

- (a) the program involves the origination or acquisition of purpose investments;
- (b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;
- (c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;
- (d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and
- (e) the PASP shall not waive the right to treat the investment as a program investment.

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

Adopted: July 28, 2020

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary