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

## [LYNGBLOMSTEN CARE CENTER, INC.]

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

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), the Port Authority, is authorized to issue revenue bonds to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, Lyngblomsten Care Center, Inc., a Minnesota nonprofit corporation (the "Borrower"), has represented to the Port Authority that it is proposing to finance a "Project" to: (i) finance the construction and equipping of improvements to an existing 237-bed skilled nursing facility located in the City of Saint Paul, Minnesota (the "City") and (ii) pay a portion of the costs of issuing the Bonds (as defined below) (the "Project"); and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the revenue bonds may not be issued as tax-exempt bonds unless the Board of Commissioners of the Port Authority approves the revenue bonds after a public hearing following publication of a notice published in accordance with the requirements of Section 147(f) of the Code and Treasury Regulations, Section 5f.103-2; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the Legal Ledger, the official newspaper of the Port Authority, on April 9, 2018, and in the Pioneer Press, a newspaper of general circulation in the City, on April 9, 2018, at least 14 days before the regularly-scheduled meeting of the Board of Commissioners of the Port Authority on the date hereof, the Board of Commissioners conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal by the Borrower to undertake and finance the Project and the proposed issuance of the Bonds; and

WHEREAS, the Public Notice included a general description of the Project, the maximum aggregate face amount of the Bonds to be issued with respect to the Project, the identity of the initial owner, operator, or manager of the Project (the Borrower), the location of the Project by street address, and a statement that a draft copy of the proposed application to the Minnesota Department of Employment and Economic Development ("DEED"), together with all attachments and exhibits, would be available for inspection at the offices of the Port Authority.

BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul (the "Port Authority"), as follows:

1. <u>Port Authority</u>. The Port Authority is authorized by the Constitution of the State of Minnesota and the Act to issue and sell its revenue bonds for the purpose of financing the cost of health care facilities and to enter into agreements necessary or convenient in the exercise of the powers granted by the Act.

- 2. Authorization of Project; Documents Presented. Lyngblomsten Care Center, Inc., a Minnesota nonprofit corporation, (the "Borrower"), has proposed to this Board that the Port Authority issue and sell its Health Care Facilities Revenue Bonds (Lyngblomsten Care Center, Inc. Project), Series 2018A (the "Series 2018A Bonds") and its Taxable Health Care Facilities Revenue Bonds (Lyngblomsten Care Center, Inc. Project), Series 2018B (the "Series 2018B Bonds" and, with the Series 2018A Bonds, the "Bonds"), the proceeds of which will be loaned to and used by the Borrower to finance the construction and equipping of improvements to an existing 277,000 square-foot, 237-bed skilled nursing facility located at 1415 Almond Avenue, Saint Paul, Minnesota, including to improve the resident experience reducing the number of beds to 225 (the "Project"). The Bonds shall be in substantially the form set forth in and pursuant to the Indenture (as hereafter defined), pursuant to the Act. The proceeds of the Bonds shall also be used to pay certain costs of issuance of the Bonds. Forms of the following documents relating to the Bonds have been submitted to the Port Authority:
  - (a) Loan Agreement dated on or after May 1, 2018 (the "Loan Agreement"), between the Port Authority and the Borrower, whereby the Port Authority agrees to make a loan to the Borrower of the proceeds of the sale of the Bonds and the Borrower agrees to pay amounts sufficient to provide for the full and prompt payment of the principal of, premium, if any, and interest on the Bonds;
  - (b) Indenture of Trust dated on or after May 1, 2018 (the "Indenture"), between the Port Authority and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds and pledging certain revenues, including those to be derived from the Loan Agreement, as security for the Bonds, and setting forth proposed recitals, covenants, and agreements relating thereto;
  - (c) Combination Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents dated on or after May 1, 2018, by the Borrower for the benefit of the Trustee, by which the Borrower grants to the Trustee a mortgage lien on and security interest in certain mortgaged property, as described therein, as further security for the payment of the Bonds (not executed by the Port Authority);
  - (d) Tax Exemption Agreement (the "Tax Exemption Agreement") between the Port Authority, the Borrower, and the Trustee related to the Series 2018A Bonds; and
  - (e) Bond Purchase Agreement (the "Bond Purchase Agreement"), between Northland Securities, Inc. (the "Underwriter"), the Borrower, and the Port Authority, providing for the purchase of the Series 2018 Bonds from the Port Authority by the Underwriter and setting the terms and conditions of purchase.
  - 3. <u>Findings</u>. It is hereby found, determined, and declared that:
    - (a) Financing of the Project will further the policy of the Act.
  - (b) It is desirable that the Bonds be issued by the Port Authority upon the terms set forth in the Indenture, under the provisions of which the Port Authority's interest in the Loan Agreement (except for certain reserved rights of the Port Authority) will be pledged to the Trustee as security for the payment of principal of, premium, if any, and interest on the Bonds.

- (c) The Loan Agreement provides for payments by the Borrower to the Trustee for the account of the Port Authority of such amounts as will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Loan Agreement obligates the Borrower to pay for all costs of operation and maintenance of the Project, including adequate insurance, taxes, and special assessments.
- (d) Under the provisions of the Act, and as provided in the Loan Agreement and Indenture, the Bonds are not to be payable from nor charged upon any funds of the Port Authority other than amounts payable pursuant to the Loan Agreement and moneys in the funds and accounts held by the Trustee which are pledged to the payment thereof; the Port Authority is not subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the Port Authority or the City of Saint Paul (the "City") to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Port Authority or the City; the Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Port Authority or the City (other than the interest of the Port Authority in the Loan Repayments to be made by the Borrower under the Loan Agreement); and each Bond issued under the Indenture shall recite that such Bond, including interest thereon, shall not constitute or give rise to a charge against the general credit or taxing powers of the Port Authority or the City.
- 4. <u>Approval and Execution of Documents</u>. Subject to the provisions of paragraph 8 hereof, the forms of Loan Agreement, Indenture, Tax Exemption Agreement, and Bond Purchase Agreement (collectively, the "Bond Documents"), are approved in substantially the forms submitted. Subject to the provisions of paragraph 8 hereof, the Bond Documents shall be executed in the name and on behalf of the Port Authority by the Chair and the President.
- Approval, Execution and Delivery of Bonds. The Port Authority shall proceed forthwith to issue the Bonds, in an aggregate principal amount of not to exceed \$10,000,000, in the form and upon the terms set forth in the Indenture, which terms are for this purpose incorporated in this Resolution and made a part hereof; provided, however, that the aggregate principal amount of, the maturities of the Bonds, the interest rates thereon, and any provisions for mandatory redemption thereof shall all be as set forth in the final form of the Indenture to be approved, executed, and delivered by the officers of the Port Authority authorized to do so by the provisions of this Resolution, which approval shall be conclusively evidenced by such execution and delivery; and provided further that, in no event, shall such rates of interest produce a net interest cost in excess of 5.50% per annum, and the final maturity shall not be later than May 1, 2045. The Underwriter has agreed pursuant to the provisions of the Bond Purchase Agreement, and subject to the conditions therein set forth, to purchase the Bonds at the purchase price set forth in the Bond Purchase Agreement, and said purchase price is hereby accepted. The Chair, President, and other Port Authority officers are authorized and directed to prepare and execute the Bonds as prescribed in the Indenture and to deliver them to the Trustee, together with a certified copy of this Resolution and the other documents required by the Indenture, for authentication, registration, and delivery to the Underwriter. As provided in the Indenture, each Bond shall contain a recital that it is issued pursuant to the Act, and such recital shall be conclusive evidence of the validity and regularity of the issuance thereof.
- 6. <u>Official Statement</u>. The Port Authority hereby consents to the preparation and distribution of a preliminary Official Statement and a final Official Statement to brokers, dealers, and other potential purchasers; provided that it is understood that the Port Authority has relied upon the Borrower and the Underwriter and legal counsel retained by them to assure the

accuracy and completeness of the information set forth in the preliminary Official Statement and final Official Statement, and therefore the Port Authority makes no representations or warranties regarding the information contained therein, except under the heading "The Issuer," and that it assumes no responsibility for the accuracy or completeness of such information.

- 7. Records and Certificates. The Chair, President, and other officers of the Port Authority are authorized and directed to prepare and furnish to bond counsel and the purchaser of the Bonds, when issued, certified copies of all proceedings and records of the Port Authority relating to the Bonds, and such other affidavits and certificates as may be required to show the facts appearing from the books and records in the officers custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Port Authority as to the truth of all statements contained therein.
- Changes in Forms Approved; Absent and Disabled Officers. The approval 8. hereby given to the various documents referred to above includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate, the appropriate Port Authority staff person or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the Port Authority. The execution of any instrument by the appropriate officer or officers of the Port Authority herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board of Commissioners by any member of the Board of Commissioners or any duly designated acting official, or by such other officer or officers of the Board of Commissioners as, in the opinion of Counsel to the Port Authority, may act in their behalf.
- 9. Other Approvals. The financing of the Project by the issuance of the Bonds by the Port Authority is subject to, among other things, approval of the financing by DEED, final approval by the Borrower and the purchaser of the Bonds as to the ultimate details of the financing, and review and approval of the proposed Project by Briggs and Morgan, Professional Association, as Bond Counsel.
- 10. <u>Authorization</u>. The officers of the Port Authority, other attorneys, engineers, and other agents or employees of the Port Authority, and Bond Counsel are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the aforementioned documents, and the Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this Resolution, including submission of an application to DEED.
- 11. <u>Costs Paid by Borrower</u>. The Borrower has agreed and it is hereby determined that any and all costs incurred by the Port Authority in connection with the financing of the Project will be paid by the Borrower, including the Port Authority's initial and ongoing annual issuance fees for the Bonds. It is understood and agreed that the Borrower shall indemnify, defend, and hold harmless the Port Authority against all liabilities, losses, damages, costs, and expenses (including reasonable attorney's fees and expenses incurred by the Port Authority) arising with respect to the Project or the Bonds, as provided for and agreed to by and between the Borrower and the Port Authority in the Loan Agreement.

- Qualified Tax Exempt Obligation. In order to qualify the Series 2018A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Port Authority hereby makes the following factual statements and representations:
  - the Series 2018A Bonds are not treated as "private activity bonds" under Section 265(b)(3) of the Code;
  - the Port Authority hereby designates the Series 2018A Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code;
  - 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 Port Authority (and all entities whose obligations will be aggregated with those of the Port Authority) during the calendar year 2018 will not exceed \$10,000,000;
  - not more than \$10,000,000 of obligations issued by the Port Authority during the calendar year 2018 have been designated for purposes of Section 265(b)(3) of the Code: and
  - the aggregate face amount of the Series 2018A Bonds do not exceed (e) \$10,000,000.
- Force and Effect. This Resolution shall be in full force and effect from and after 13. its passage.

Adopted: April 24, 2018.	
	PORT AUTHORITY OF THE CITY OF SAINT PAUL
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