

CITY OF SHAKOPEE

RESOLUTION NO. R2018-099

RESOLUTION CALLING A PUBLIC HEARING REGARDING THE ISSUANCE OF REVENUE BONDS UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED, AND PROVIDING PRELIMINARY APPROVAL TO THE ISSUANCE THEREOF

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

Section 1. Recitals.

1.01. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the City is authorized 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 nursing and assisted living facilities).

1.02. Benedictine Living Community of Shakopee LLC, a Minnesota limited liability company (the “Borrower”), the sole member of which is Benedictine Health System, a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has proposed that the City issue its revenue obligations, in one or more series, as taxable or tax-exempt obligations (the “Bonds”), in an aggregate principal amount not to exceed \$62,000,000, and loan the proceeds thereof to the Borrower. The Borrower intends to apply the proceeds thereof, along with other available funds, to (i) finance the acquisition, construction, and equipping of approximately 115 independent living apartments, 40 assisted living units, and 24 memory care units (the “Project”) to be located on property west of Marystown Road and south of 17th Avenue in the City; (ii) fund required reserves; (iii) finance capitalized interest during the construction of the Project; and (iv) pay costs of issuance of the Bonds. The Borrower will own and operate the Project.

1.03. As a condition to the issuance of the Bonds under the Act to provide financing for Project, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the “Housing Program”).

1.04. Pursuant Section 147(f) of the Code, prior to the issuance of the Bonds, the City Council must conduct a public hearing after one publication of notice in a newspaper circulating generally in the City at least fourteen (14) 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.

1.05. The Borrower has requested that the City Council conduct a public hearing on Tuesday, September 18, 2018, to (i) approve the issuance of the Bonds pursuant to the requirements of Section 147(f) of the Code, and the regulations promulgated thereunder; and (ii) approve the Housing Program for the Project under Section 462C.03, subdivision 1a of the Act.

Section 2. Preliminary Findings. Based on representations made by the Borrower to the City to date, the City Council of the City hereby makes the following preliminary findings, determinations, and declarations:

(a) The proceeds of the Bonds will be loaned to the Borrower and the proceeds thereof, along with available funds, will be used to finance the acquisition, construction, and equipping of the Project, fund required reserves, finance capitalized interest during the construction of the Project, and pay costs of issuance of the Bonds. The City will enter into one or more loan agreements (or other revenue agreements) with the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan of the proceeds of the Bonds when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(b) In preliminarily authorizing the issuance of the Bonds, the City's purpose is to further the policies of the Act.

(c) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof, will not be a general or moral obligation of the City, and will not be secured by or payable from revenues derived from any exercise of the taxing powers of the City.

(d) The Bonds will finance a multifamily housing development designed and intended to be used for rental occupancy by elderly persons.

Section 3. Public Hearing.

3.01. The City Council shall meet at 7:00 p.m. on Tuesday, September 18, 2018, to conduct a public hearing as requested by the Borrower, notice of which hearing (the "Public Notice") will be published as required by Section 462C.04, subdivision 2 of the Act and Section 147(f) of the Code.

3.02. The City Clerk is hereby authorized to direct Kennedy & Graven, Chartered, acting as bond counsel ("Bond Counsel"), to publish the Public Notice, in substantially the form attached hereto as EXHIBIT A, in the *Shakopee Valley News*, the official newspaper of the City and a newspaper of general circulation in the City. The Public Notice shall be published at least once, at least fifteen (15) days prior to the date of the public hearing. At the public hearing, reasonable opportunity will be provided for interested individuals to express their views, both orally and in writing, on the proposed issuance of the Bonds for the purposes set forth herein.

Section 4. Housing Program. Bond Counsel is authorized to prepare and submit to the City a draft Housing Program to authorize the issuance by the City of the Bonds to provide financing for the Project by the Borrower. The City is authorized and directed to submit the Housing Program to Metropolitan Council for review and comment pursuant to Section 462C.04, subdivision 2 of the Act.

Section 5. Preliminary Approval. The City Council hereby states its preliminary intention to issue the Bonds in the maximum aggregate principal amount of \$62,000,000 to (i) finance the acquisition, construction, and equipping of the Project; (ii) fund required reserves; (iii) finance capitalized interest during the construction of the Project; and (iv) pay the costs of issuing the Bonds.

Section 6. Reimbursement of Costs under the Code.

6.01. Treasury Regulations. 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 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.

6.02. Reimbursement for Expenditures. To the extent any portion of the proceeds of the Bonds will be applied to expenditures with respect to the capital improvements 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 Bonds 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 Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Section 7. Official Statement. Other than providing information regarding the City (the “City Information”), the City has not participated in and will not participate in the preparation of the Preliminary Official Statement (the “Preliminary Official Statement”) or the Official Statement (the “Official Statement”) relating to the Bonds and the City assumes no responsibility for the sufficiency, accuracy, or completeness of the information contained in the Preliminary Official Statement and the Official Statement, other than the City Information. Subject to the foregoing, the City hereby consents to the distribution and the use by the underwriter in connection with the offer and sale of the Bonds of the Preliminary Official Statement and the Official Statement.

Section 8. Costs. The Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the financing of the Project and issuing the Bonds, whether or not the Bonds are issued.

Section 9. Commitment Conditional. The adoption of this resolution does not constitute a guaranty or firm commitment that the City will issue the Bonds as requested by the Borrower. The City retains the right in its sole discretion to withdraw from participation and accordingly not to issue the Bonds, or issue the Bonds in an amount less than the amount referred to herein, should the City at any time prior to issuance thereof determine that it is in the best interest of the City not to issue the Bonds, or to issue the Bonds in an amount less than the amount referred to in Section 4 hereof, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

Section 10. Effective Date. This resolution shall be in full force and effect from and after its passage.

Approved by the City Council of the City of Shakopee this 21st day of August, 2018.

Mayor

ATTEST:

City Clerk

EXHIBIT A

NOTICE OF PUBLIC HEARING

CITY OF SHAKOPEE, MINNESOTA

NOTICE OF PUBLIC HEARING ON THE ISSUANCE OF REVENUE BONDS UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED, AND THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

NOTICE IS HEREBY GIVEN that the City Council of the City of Shakopee, Minnesota (the “City”), will hold a public hearing on Tuesday, September 18, 2018, at or after 7:00 p.m. at City Hall, 485 Gorman Street in the City, on a proposal that the City Council approve and authorize the issuance by the City of its revenue bonds, in one or more series, as taxable or tax-exempt obligations (the “Bonds”), under Minnesota Statutes, Sections Chapter 462C, as amended (the “Act”), for the benefit of Benedictine Living Community of Shakopee LLC, a Minnesota limited liability company (the “Borrower”), the sole member of which is Benedictine Health System, a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The proceeds of the Bonds, along with other available funds, will be used to (i) finance the acquisition, construction, and equipping of approximately 115 independent living apartments, 40 assisted living units, and 24 memory care units (the “Project”) to be located on property west of Marystown Road and south of 17th Avenue in the City; (ii) fund required reserves; (iii) finance capitalized interest during the construction of the Project; and (iv) pay costs of issuance of the Bonds. The Borrower will own and operate the Project.

Following the public hearing, the City Council will consider adoption of a resolution approving the issuance of the Bonds and a housing program prepared for the Project in accordance with the Act. The aggregate face amount of the Bonds proposed to be issued to finance the acquisition, construction, and equipping of the Project, fund required reserves, finance capitalized interest during the construction of the Project, and pay costs of issuance of the Bonds is presently estimated not to exceed \$62,000,000. The Bonds will be issued by the City and will constitute special, limited obligations of the City payable solely from the revenues expressly pledged to the payment thereof, and will not constitute a general or moral obligation of the City and will not be secured by the taxing power of the City or any assets or property of the City except interests in the Project that may be granted to the City in conjunction with the financing.

All persons interested may appear and be heard at the time and place set forth above or may file written comments with the City Administrator prior to the date of the hearing set forth above.

Dated: [Date of publication]

BY ORDER OF THE CITY COUNCIL OF THE
CITY OF SHAKOPEE, MINNESOTA

/s/ William H. Reynolds
City Administrator
City of Shakopee, Minnesota