



**CITY OF ARDEN HILLS
COUNTY OF RAMSEY
STATE OF MINNESOTA**

RESOLUTION NO. 2023-022

RESOLUTION APPROVING AMENDMENTS TO THE SENIOR HOUSING REVENUE NOTE (PRESBYTERIAN HOMES OF ARDEN HILLS, INC. PROJECT), SERIES 2015, AMENDED AND RESTATED SENIOR HOUSING REVENUE NOTE (PRESBYTERIAN HOMES OF ARDEN HILLS, INC. PROJECT), SERIES 2011A, AND AMENDED AND RESTATED SENIOR HOUSING REVENUE NOTE (PRESBYTERIAN HOMES OF ARDEN HILLS, INC. PROJECT), SERIES 2012A; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ALLONGE TO EACH OF SUCH NOTES

WHEREAS, on September 9, 2011, pursuant to a resolution adopted by the City Council of the City of Arden Hills, Minnesota (the “City”) on August 29, 2011 (the “2011 Resolution”), the City issued its Senior Housing Revenue Note (Presbyterian Homes of Arden Hills, Inc. Project), Series 2011A (the “Original 2011A Note”), in the original aggregate principal amount of \$10,000,000.00, and loaned the proceeds thereof to Presbyterian Homes of Arden Hills, Inc., a Minnesota nonprofit corporation (the “Borrower”), pursuant to a Loan Agreement, dated as of September 1, 2011 (the “2011A Loan Agreement”), between the City and the Borrower, for the purposes of financing the acquisition, construction, and equipping of an approximately 166-unit multifamily housing development consisting of a senior rental housing facility comprised of independent living units, assisted living units, and memory-care units (the “Phase I Project”) located at 3120 and 3220 Lake Johanna Boulevard in the City and paying costs of issuance of the Original 2011A Note; and

WHEREAS, on January 3, 2012, pursuant to the 2011 Resolution, the City issued its (i) Senior Housing Revenue Note (Presbyterian Homes of Arden Hills, Inc. Project), Series 2012A (the “Original 2012A Note”), in the original aggregate principal amount of \$10,000,000.00, and loaned the proceeds thereof to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2012 (the “2012A Loan Agreement”), between the City and the Borrower, for the purposes of financing the costs of the acquisition, construction, and equipping of the Phase I Project and paying certain financing and issuance costs related thereto; and

WHEREAS, Bremer Bank, National Association, a national banking association (the “Lender”), purchased the Original 2011A Note and the Original 2012A Note; and

WHEREAS, on July 17, 2015, pursuant to a resolution adopted by the City Council of the City on June 29, 2015 (the “2015 Resolution”), the City issued its Senior Housing Revenue Note (Presbyterian Homes of Arden Hills, Inc. Project), Series 2015 (the “Series 2015 Note”), in the original aggregate principal amount of \$10,000,000, and loaned the proceeds thereof to the Borrower pursuant to a Loan Agreement, dated July 17, 2015 (the “2015 Loan Agreement”), between the City and the Borrower, for the purposes of financing the development of an approximately 40-unit senior housing facility comprised of independent-living, rental apartments within two buildings, together with necessary common areas and community space (the “Phase II Project”) located at 3200 Lake Johanna Boulevard in the City and paying certain financing and issuance costs related thereto; and

WHEREAS, the Lender purchased the Series 2015 Note; and

WHEREAS, pursuant to the 2015 Resolution, the City also approved certain amendments to the Original 2011A Note and the Original 2012A Note in conjunction with the issuance of the Series 2015 Note, which amendments constituted a significant modification of the Original 2011A Note and Original 2012A Note and caused a reissuance thereof under federal income tax law and regulations, and upon the effective date of such amendments, the Original 2011A Note and Original 2012A Note were treated as refunded on such dates; and

WHEREAS, on August 3, 2015, pursuant to the 2015 Resolution, the City amended, restated, and reissued the Original 2011A Note, in the original aggregate principal amount of \$9,503,938.05, as the Amended and Restated Senior Housing Revenue Note (Presbyterian Homes of Arden Hills, Inc. Project), Series 2011A (together with the Original 2011A Note, the “Series 2011A Note”); and

WHEREAS, on September 2, 2015, pursuant to the 2015 Resolution, the City amended, restated, and reissued the Original 2012A Note, in the original aggregate principal amount of \$9,481,981.98, as the Amended and Restated Senior Housing Revenue Note (Presbyterian Homes of Arden Hills, Inc. Project), Series 2012A (together with the Original 2012A Note, the “Series 2012A Note”); and

WHEREAS, pursuant to the terms of the Series 2011A Note, the Series 2012A Note, and the Series 2015 Note (collectively, the “Notes”), the interest rate on each of the Notes is adjustable on certain dates at rates determined by the Lender using the one-month London Interbank Offered Rate (“LIBOR”) formula; and

WHEREAS, the use of LIBOR is currently being phased out and will no longer be available after June 30, 2023; and

WHEREAS, the Lender has informed the City and the Borrower that for each Reset Date (as defined in each of the Notes) occurring on or after July 1, 2023, interest on the Notes will be calculated using a waterfall of fallback rates that initially references the one-month Secured Overnight Financing Rate (SOFR), and such change (the “Amendment”) must be reflected in the Notes; and

WHEREAS, Kennedy & Graven, Chartered, as bond counsel to the City, has represented that such Amendment to the Notes will not be considered a significant modification of the Notes and will not result in the reissuance of the Notes 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 applicable rate for each of the Notes has been replaced with a qualified rate described in Section 1.1001-6(h)(3)(ii) of the Treasury Regulations; and

WHEREAS, there has been presented before the City Council forms of Allonges, one for each of the Notes (the “Allonges”), each of which incorporate the proposed Amendment to the respective Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARDEN HILLS, MINNESOTA, AS FOLLOWS:

1. The City Council hereby consents to, approves, authorizes, and directs the execution of the Allonges by the Mayor and the City Administrator, substantially in the forms on file with the City on the date hereof, which are hereby approved, with such changes as shall be approved by the Mayor and the City Administrator; provided that the execution thereof by the Mayor and the City Administrator shall be conclusive evidence of such approval.
2. As provided in the 2011A Loan Agreement, the 2012A Loan Agreement, and the 2015 Loan Agreement (together, the “Loan Agreements”), and the 2011 Resolution and 2015 Resolution, the Notes shall not be payable from nor charged upon any funds other than the revenues pledged to their payment, nor shall the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Notes shall ever have the right to compel any exercise by the City of its taxing powers to pay any of the 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 Agreements and the revenues and assets thereunder, which have been assigned to the Lender. The 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 Agreements, and the revenues and assets thereunder, which have been assigned to the Lender.
3. The Mayor and/or the City Administrator are authorized and directed to execute and deliver any additional documents or certificates deemed necessary to carry out the transactions described in the Allonges and the intention of this resolution.
4. This resolution shall be in full force and effect from and after its passage.

APPROVED BY THE CITY COUNCIL OF THE CITY OF ARDEN HILLS, MINNESOTA, THIS 8TH DAY OF MAY, 2023.

Mayor

ATTEST:

City Clerk

To view the final document, access adopted Resolutions via Arden Hills Public Laserfiche Weblink by visiting cityofardenhills.org and clicking on Archived Documents under Helpful Links on our main webpage.