

CITY OF NORTHFIELD
COUNTIES OF DAKOTA AND RICE
STATE OF MINNESOTA

RESOLUTION 2025-047

RESOLUTION GRANTING PRELIMINARY APPROVAL TO THE
ISSUANCE OF CONDUIT REVENUE BONDS TO FINANCE THE COSTS OF
A MULTIFAMILY RENTAL HOUSING FACILITY UNDER MINNESOTA
STATUTES, CHAPTER 462C, AS AMENDED; CALLING FOR A PUBLIC
HEARING; ESTABLISHING COMPLIANCE WITH CERTAIN
REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE
CODE OF 1986, AS AMENDED; AND TAKING CERTAIN OTHER
ACTIONS WITH RESPECT THERETO
(JEFFERSON SQUARE TOWNHOMES PROJECT)

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

Section 1. Recitals.

1.01. The City is a home rule charter city and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota.

1.02. 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 issuing conduit revenue bonds to finance or refinance multifamily rental housing developments located within the City.

1.03 Standard Communities, a (or another entity to be formed by or affiliated with Standard Communities, the “Borrower”), has proposed that the City issue its revenue bonds, pursuant to the Act, in an aggregate principal amount not to exceed \$10,000,000, in one or more series at one time or from time to time (the “Bonds”).

1.04. The proceeds of the Bonds are proposed to be loaned by the City to the Borrower to be applied by the Borrower to (i) finance the acquisition, construction, rehabilitation and equipping of an approximately 49-unit multifamily housing development for households of low and moderate income and functionally related facilities, including garages and surface parking, located at 1356 Jefferson Road in the City (the “Project”); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) pay interest on the Bonds during the construction of the Project, if necessary; and (iv) pay certain costs of issuing the Bonds.

1.05. As a condition to the issuance of the Bonds, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the “Housing Program”) and 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 15 days before the hearing.

1.06. Under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), prior to the issuance of the Bonds a public hearing duly noticed must be held by the City Council.

1.07. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”) and preliminary approval of the issuance of the Bonds by the Council is sufficient to authorize the submission of an application to the State of Minnesota Management and Budget for an allocation of bonding authority with respect to the Bonds to finance the Project.

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

(a) The Project consists of the acquisition, construction, rehabilitation and equipping of a multifamily rental housing development designed and intended to be used for rental occupancy. The Project furthers the purposes set forth in the Housing Act and the Project constitutes a “multifamily housing development” within the meaning of Section 462C.02, subdivision 5 of the Housing Act.

(b) The proceeds of the Bonds will be loaned to the Borrower and the proceeds of the loan will be applied to: (i) the acquisition, construction, rehabilitation and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) the payment of interest on the Bonds during the construction of the Project, if necessary; and (iv) the payment of the costs of issuing the Bonds. The City will enter into one or more loan agreements (or other revenue agreement) between the City and the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(c) In preliminarily authorizing the issuance of the Bonds and the financing of the acquisition, construction, rehabilitation and equipping of the Project and related costs, the City’s purpose is to further the policies of the Act.

(d) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof under the loan agreements (or other revenue agreement) referred to above, and 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.

Section 3. Public Hearing. The City Council will conduct a public hearing on the Housing Program, the Project, and the issuance of the Bonds by the City at a regular or special meeting on a date to be determined by the City staff in order to meet publication requirements in accordance with applicable law. Notice of such 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. The City Clerk of the City is hereby authorized and directed to publish the Public Notice, in substantially the form attached hereto as **EXHIBIT A**, in the *Northfield News* in accordance with applicable law. The Public Notice will provide a general, functional description of the Project, as well as the maximum aggregate face amount of the obligations to be issued for the purposes referenced above, the identity of the initial owner, operator, or manager of the Project, and the location of the Project. The Public Notice is authorized to be published in a newspaper circulating generally in the City on a date at least 15 days before the meeting of the City Council at which the public hearing will take place. At the public hearing reasonable opportunity will be provided for interested individuals to express their views, both orally and in writing, on the Project and the proposed issuance of such revenue obligations.

Section 4. Housing Program. Kutak Rock LLP, acting as bond counsel with respect to the Project and the Bonds (“Bond Counsel”) shall prepare a draft Housing Program to authorize the issuance by the

City of up to approximately \$10,000,000 in revenue bonds in one or more series to finance the acquisition, construction, rehabilitation and equipping of the Project by the Borrower. City staff is hereby authorized to review and approve the Housing Program.

Section 5. Submission of an Application for an Allocation of Bonding Authority. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. The City Council hereby authorizes the submission of an application for allocation of bonding authority pursuant to Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act. The Mayor of the City or the Finance Director and Bond Counsel are hereby authorized and directed to take all actions, in cooperation with the Borrower, as are necessary to submit an application for an allocation of bonding authority to Minnesota Management & Budget.

Section 6. Preliminary Approval. The City Council hereby provides preliminary approval to the issuance of the Bonds in the approximate aggregate principal amount of up to \$10,000,000 to finance all or a portion of the costs of the Project pursuant to the Housing Program of the City, subject to: (i) a public hearing as required by the Act and Section 147(f) of the Code; (ii) receipt of an allocation of the bonding authority from the State of Minnesota; (iii) final approval by the City Council following the preparation of bond documents; and (iv) final determination by the City Council that the financing of the Project and the issuance of Bonds are in the best interests of the City.

Section 7. Reimbursement of Costs under the Code.

7.01. The United States Department of the Treasury has promulgated 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 the Borrower 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 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 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 3 years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

7.02. To the extent any portion of the proceeds of the Bonds 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 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.

7.03. Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed with the proceeds of the Bonds have been made by the Borrower more than 60 days before the date of adoption of this resolution of the City.

7.04. Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis, or otherwise set aside (or reasonably expected to be

reserved, allocated on a long-term basis, or otherwise set aside), to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

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 Project and the issuance of the Bonds, whether or not the Bonds are issued.

Section 9. Commitment Conditional. The adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the Borrower and approval of the Bonds is contingent, among other things on the conditions described in Section 6 hereof. If, as a result of information made available to or obtained by the City during its review of the Project, it appears that the Project or the issuance of Bonds to finance or refinance the costs thereof is not in the public interest or is inconsistent with the purposes of the Act, the City reserves the right to decline to give final approval to the issuance of the Bonds. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Bonds should the City Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

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

PASSED by the City Council of the City of Northfield, Minnesota this 6th day of May, 2025.

ATTEST:

City Clerk

Mayor

VOTE: ___ ZWEIFEL ___ SOKUP ___ HOLMES ___ NESS
 ___ PETERSON WHITE ___ DAHLEN ___ BEUMER

EXHIBIT A

NOTICE OF PUBLIC HEARING ON A HOUSING PROGRAM AND THE ISSUANCE OF CONDUIT REVENUE BONDS FOR A MULTIFAMILY HOUSING PROJECT (JEFFERSON SQUARE TOWNHOMES PROJECT)

NOTICE IS HEREBY GIVEN that the City Council of the City of Northfield, Minnesota (the “City”) will conduct a public hearing on _____, 2025 at 6:00 p.m., or as soon thereafter as the matter may be heard, at the City Hall at 801 Washington Street in the City on (i) a proposal of [Standard Communities, a [Borrower entity] (or another entity to be formed by or affiliated with Standard Communities, the “Borrower”) that the City finance the acquisition, construction, rehabilitation and equipping of a rental housing development, hereinafter described, by the issuance of conduit revenue bonds or other obligations, in one or more series at one time or from time to time (the “Bonds”) pursuant to Minnesota Statutes, Chapter 462C, as amended, and (ii) the adoption of a housing program for such bonds.

The Bonds are proposed to be issued to (i) finance the acquisition, construction, rehabilitation and equipping of an approximately ___-unit multifamily housing development for households of low and moderate income and functionally related facilities, including garages and surface parking, located at [1356 Jefferson Road], and _____ in the City (the “Project”); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) pay interest on the Bonds during the construction of the Project, if necessary; and (iv) pay certain costs of issuing the Bonds (collectively, the “Project”). The Project will be owned and operated by the Borrower.

The estimated maximum aggregate principal amount of the Bonds to be issued to finance the Project is \$10,000,000.

The bonds or other obligations if and when issued will not constitute a charge, lien or encumbrance upon any property of the City, and will be payable solely from revenues of the project, and will not be backed by the full faith and credit of the City but will be payable solely from sums paid by the Borrower pursuant to a revenue agreement.

Following the public hearing, the Council will consider a resolution approving a housing program prepared in accordance with the requirements of the Act and granting approval to the issuance of the Bonds. A copy of the housing program will be on file at City Hall, Monday through Friday during the City’s normal business hours until the date of the Public Hearing.

At the time and place fixed for the Public Hearing, the City Council will give all persons who appear or submit comments in writing to the City Council prior to the hearing, an opportunity to express their views with respect to the proposal. In addition, interested persons may file written comments respecting the proposal with the City to the attention of Lynette Peterson, at (507) 645-3001 at or prior to said public hearing.

Publish _____, 2025