

MULTIFAMILY RENTAL HOUSING PROGRAM OF THE
CITY OF RED WING, MINNESOTA
(BENEDICTINE LIVING COMMUNITY OF NORTHFIELD LLC PROJECT)

Adopted May 14, 2018

Proposal; Authority. Pursuant to Minnesota Statutes, Chapter 462C (the “Act”), the City of Red Wing, Minnesota (“Red Wing”), is authorized to develop and administer programs to finance or refinance multifamily senior rental housing projects such as the project described herein (this “Program”) under the circumstances and within the limitations set forth in the Act. Minnesota Statutes, Section 462C.07, provides that such programs for multifamily housing developments may be financed by revenue bonds issued by Red Wing if located within the corporate boundaries of Red Wing or under a joint powers agreement with the jurisdiction in which the development is located. Pursuant to Minnesota Statutes, Section 471.59, as amended, by the terms of a joint powers agreement entered into through action of their governing bodies, two cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised.

General Description of the Program. This Program consists of the acquisition, construction and equipping of an approximately 97 unit independent living, assisted living and memory care facility (“Project”) to be located adjacent to and immediately to the west of Northfield Hospital and Clinics located at 2000 North Avenue, Northfield, Minnesota (“Northfield”), which will be operated by Benedictine Living Community of Northfield LLC (the “Borrower”), a Minnesota nonprofit limited liability company, the sole member of which is Benedictine Health System, a Minnesota nonprofit corporation and tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or an affiliate thereof.

The Project is owned by a 501(c)(3) corporation, consequently, no income limits apply under federal law. The Project will be restricted to elderly and handicapped, and consequently, no income limits apply under state law.

Location. This Program is limited to the Project which is located in Northfield.

Consent of the City of Northfield. Red Wing is authorized and empowered, pursuant to the Act, with the consent and authorization of Northfield, to carry out the public purposes described in the Act to finance, in whole or in part, the financing of the Project located in Northfield. At the request of the Borrower, Red Wing and Northfield propose to enter into a Joint Powers Agreement (the “Joint Powers Agreement”) in accordance with the provisions and conditions of Minnesota Statutes, Sections 471.59 and 471.656, as amended. Under the terms of the Joint Powers Agreement, Northfield will consent to the issuance of revenue bonds by Red Wing to finance the Housing Project.

Purposes. In creating this Program, Red Wing is acting in furtherance of Northfield’s findings that the preservation of the quality of life in Northfield is in part dependent upon the

maintenance and provision of adequate, decent, safe, sanitary, and affordable housing stock; that accomplishing the goals of this Program is a public purpose and will benefit the residents of Northfield; that the need exists within Northfield to provide in a timely fashion additional affordable rental housing to and for the benefit of elderly persons residing and expected to reside within Northfield; that there exist or are expected to exist persons within Northfield who are and will be able to benefit from and are in need of the Program; that the Program is necessary in view of the limited resources that may be available to such persons relative to the expenses involved in accomplishing the type of objectives outlined in this Program in the absence of one or more of the forms of assistance described herein or otherwise available pursuant to the Act; and that Red Wing hereby finds that such forms of assistance are often necessary for the benefit of such persons, families, and goals and that, furthermore, the successful implementation of the objectives of the kind described in this Program has been found to provide impetus for the development of other housing in Northfield, as well as the general development of Northfield, by other persons who are not the beneficiaries of such governmentally sponsored or assisted activities.

Rental Housing Purposes. More particularly, Red Wing finds that there exists a need for multifamily rental housing, alone due to a variety of factors, including that the cost of new construction of multifamily rental units may in many cases prove economically unfeasible, given the high costs of construction and prevailing area rental levels, and that therefore appropriate levels of public assistance may be helpful and necessary in bridging that gap.

Revenue Bonds. The maximum amount of revenue bonds issued or to be issued by Red Wing to finance the Program is approximately \$25,000,000. The proceeds will refinance certain existing indebtedness of the Borrower relating to the Project, finance a portion of the costs of the acquisition, construction and equipping of the Project, pay costs of issuing the bonds, and may be used to fund a debt service reserve.

The Bonds may be structured so as to take advantage of whatever means are available or necessary and are permitted by law to enhance the security for and marketability of the Bonds. Substantially all of the net proceeds of the Bonds (the initial principal amount thereof, less any amounts deposited in a reasonably required reserve or paid out as costs of issuance of the Bonds) will be used to pay the costs of the Project, including any functionally related and subordinate facilities.

The Borrower will construct the Project in compliance with all applicable development restrictions, and all new construction and rehabilitation of the existing buildings is subject to applicable state and local building codes. The Borrower will be required to operate the Project in accordance with state and local anti-discrimination laws and ordinances.

The costs of the Project and the Program undertaken to finance the Project, including specifically the costs to Red Wing, will be paid or reimbursed by the Borrower.

Housing Plan. The Comprehensive Plan of the City of Northfield will serve as the housing plan relating to the Project.

Meeting Needs; Methods. Red Wing believes that this Program will help meet the identified needs under this Program. The specific methods anticipated to be used include the issuance of revenue bonds under the Act to provide feasible financing for various aspects of the Program so undertaken. Red Wing will implement this Program pursuant to its loan agreement for the Project.

Authorization. The Program is undertaken pursuant to Minnesota Statutes, Chapter 462C and is consistent with Northfield's Comprehensive Plan.