

CITY OF NORTHFIELD
COUNTIES OF DAKOTA AND RICE
STATE OF MINNESOTA

RESOLUTION 2025-_____

AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF ITS CONDUIT
MULTIFAMILY HOUSING REVENUE NOTE (JEFFERSON SQUARE
TOWNHOMES PROJECT); ADOPTING A HOUSING PROGRAM PURSUANT TO
MINNESOTA STATUTES, CHAPTER 462C; APPROVING THE
FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE
NOTE AND RELATED DOCUMENTS; PROVIDING FOR THE SECURITY,
RIGHTS, AND REMEDIES WITH RESPECT TO THE NOTE; AND GRANTING
APPROVAL FOR CERTAIN OTHER ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Northfield, Minnesota (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; and

WHEREAS, pursuant to Minnesota Statutes, Chapters 462C, and 474A as amended (collectively, the “Act”), the City is authorized to carry out the public purposes described in the Act by issuing revenue bonds and notes or other obligations to finance multifamily housing developments located within the City, and as a condition to the issuance of such revenue obligations, adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Act; and

WHEREAS, in the issuance of the City’s revenue obligations and in the making of a loan to finance a multifamily housing development, the City may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, Standard Jefferson Square Venture LP, a Minnesota limited partnership (the “Borrower”), has requested that the City issue its multifamily housing revenue notes or other obligations, 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 “Obligations”) and lend the proceeds thereof to the Borrower to (i) finance the acquisition, construction, rehabilitation and equipping of an approximately 50-unit multifamily housing development for households of low and moderate income and functionally related facilities, including garages and surface parking, with a primary address located at 1356 Jefferson Road in the City known as Jefferson Square; (ii) fund one or more reserve funds to secure the timely payment of the Obligations, if necessary; (iii) pay capitalized interest on the Obligations, if necessary; and (iv) pay the costs of issuing the Obligations (collectively, the “Project”); and

WHEREAS, on May 6, 2025, the City Council adopted a preliminary resolution (the “Preliminary Resolution”) under the terms of which the City (i) granted preliminary approval to the issuance of the Obligations, pursuant to the Act to finance the Project; (ii) authorized the submission of an application to the Minnesota Department of Management and Budget (“MMB”) for an allocation of bonding authority under the Act; (iii) authorized the preparation of a housing program with respect to the Project in accordance with the requirements of the; and (iv) authorized a public hearing to be conducted by the City Council on the Project; and

WHEREAS, the Preliminary Resolution constitutes a reimbursement resolution and an official intent of the City to reimburse expenditures with respect to the Project from the proceeds of tax-exempt revenue obligations in accordance with the provisions of Treasury Regulations, Section 1.150-2; and

WHEREAS, the City received Certificate of Allocation No. 512, dated July 7, 2025, from MMB allocating volume cap bonding authority to the City in the amount of \$9,024,827 for the Project; and

WHEREAS, the City has prepared a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the "Housing Program") regarding the issuance of the Obligations by the City to finance the acquisition, construction, and equipping of the Project; and

WHEREAS, the Housing Program was submitted to Metropolitan Council for its review and comment; and

WHEREAS, a notice of public hearing was published in accordance with the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") with respect to (i) the required public hearing under the Code; (ii) the required public hearing under Section 462C.04, subdivision 2, of the Act; (iii) the Housing Program; and (iv) approval of the issuance of the Obligations and on this same date, the City Council conducted a public hearing on the date hereof at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing; and

WHEREAS, the Obligations will be purchased by Jones Lang LaSalle Multifamily, LLC, or another financial institution selected by the Borrower (the "Funding Lender") and the Obligations will be issued pursuant to a Funding Loan Agreement, dated on or after November 1, 2025, (the "Funding Loan Agreement"), by and between the City, Willington Trust, National Association, a national banking association, in its capacity as fiscal agent (the "Fiscal Agent"), and the Funding Lender; and

WHEREAS, the proceeds derived from the sale of the Obligations (the "Funding Loan") will be loaned by the City to the Borrower pursuant to the terms of a Project Loan Agreement, dated on or after November 1, 2025 (the "Project Loan Agreement"), by and between the Borrower, the Fiscal Agent, and the City, whereby the City will apply the proceeds derived from the sale of the Obligations to fund a loan to the Borrower to finance the Project (the "Project Loan"). Additionally, the Borrower will issue a project note (the "Project Note") to the City to be endorsed by the City to the Fiscal Agent as security for the Funding Loan; and

WHEREAS, as further security for the repayment of principal and interest on the Obligations, the Borrower will execute a Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (Minnesota), dated on or after November 1, 2025 (the "Mortgage"), for the benefit of the City, which will be assigned by the City to the Fiscal Agent; and

WHEREAS, the Obligations will be issued pursuant to this resolution and the Obligations and the interest on the Obligations: (i) shall be payable solely from the revenues pledged therefor under the Project Loan Agreement and the Funding Loan Agreement, the Mortgage, and additional sources of revenues provided by or on behalf of the Borrower; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City's interest in the Project Loan Agreement; and (v) shall not constitute a general or moral obligation of the City.

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

1. Findings. The City acknowledges, finds, determines, and declares that the issuance of the Obligations is authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Obligations, and the other actions of the City under the Funding Loan Agreement, the Project Loan Agreement, and this resolution constitute a public purpose and are in the interests of the City. The Project constitutes a “qualified residential rental project” within the meaning of Section 142(d) of the Code and a “multifamily housing development” authorized by the Act. The acquisition, construction and equipping of the Project furthers the purposes of the Act. In authorizing the issuance of the Obligations for the financing of the Project and the related costs, the City’s purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing or preserving affordable multifamily housing developments for low- or moderate-income residents of the City and otherwise furthering the purposes and policies of the Act.

2. Financing Structure. The Obligations shall be sold to the Funding Lender under the terms and conditions of the Funding Loan Agreement and the proceeds derived from the sale of the Obligations shall be loaned to the Borrower in accordance with the terms and conditions of the Project Loan Agreement. The Borrower shall apply the proceeds of the Loan made pursuant to the terms and conditions of the Project Loan Agreement to the payment of a portion of the capital costs of the Project and related costs. The Loan repayments to be made by the Borrower under the Project Loan Agreement are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Obligations when due. Pursuant to the Funding Loan Agreement, the City will assign its rights to the basic payments and certain other rights and interests under the Project Loan Agreement, the Project Loan, the Project Note, the Mortgage, and certain moneys and securities held by the Fiscal Agent in the funds and accounts established under the Funding Loan Agreement to the Fiscal Agent.

The City Council hereby provides that the Funding Loan Agreement shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Obligations and the City as set forth therein.

All of the provisions of the Funding Loan Agreement and the Project Loan Agreement, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

3. Authorization of Obligations. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Obligations in one or more series in an aggregate principal amount not to exceed \$10,000,000, provided the total amount of the Obligations shall not exceed \$9,024,827 unless the Borrower identifies additional bond allocation under different bonding authority or are issued as taxable obligations. The Obligations shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Funding Loan Agreement, in substantially the form now on file with the City, with any necessary and appropriate variations, omissions, and insertions (including but not limited to changes to the aggregate principal amount of the Obligations, the stated maturity of the Obligations, the interest rate or rates on the Obligations and the terms of redemption of the Obligations) as are approved as evidenced by the execution thereof as provided in this Section and Sections 6 and 13. The City hereby authorizes the Obligations to be issued, in whole or in part, as “tax-exempt bonds,” the interest on which is excludable from gross income for federal and State of Minnesota income tax purposes; provided that, if necessary, certain Obligations may be issued as taxable obligations.

The City Council hereby authorizes and directs the execution of the Obligations in accordance with the terms of the Funding Loan Agreement, and hereby provides that the Funding Loan Agreement shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Obligations, the City, and the Fiscal Agent as set forth therein. The Fiscal Agent is hereby appointed as the Paying Agent and the Bond Registrar for the Obligations.

All of the provisions of the Obligations, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Obligations shall be substantially in the form set forth in the Funding Loan Agreement on file with the City, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including but not limited to changes to the aggregate principal amount of the Obligations, the stated maturities of the Obligations, the interest rates on the Obligations and the terms of redemption of the Obligations) as the Mayor and the City Clerk (the "City Officials"), in their discretion, shall determine. The execution of the Obligations with the manual or facsimile signatures of the City Officials and the delivery of the Obligations by the City shall be conclusive evidence of such determination.

4. Limitation of Liability. The Obligations shall be special, limited revenue obligations of the City payable solely from the revenues provided by the Borrower pursuant to the Project Loan Agreement and other funds pledged pursuant to the applicable Financing Documents (as defined below); the City does not pledge its general credit or taxing powers or any funds of the City to the payment of the Obligations.

No provision, covenant or agreement contained in the aforementioned documents, the Obligations, or in any other document relating to the Obligations, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Project Loan Agreement which are to be applied to the payment of the Obligations, as provided therein and as assigned to the Fiscal Agent, under the Funding Loan Agreement.

5. Approval of Housing Program; Compliance with Certain Rental and Occupancy Restrictions as to the Project. The Housing Program is hereby adopted, ratified, and approved in all respects without amendment. The City staff is hereby authorized to do all other things and take all other actions as may be necessary or appropriate to carry out the Housing Program in accordance with the Act and any other applicable laws and regulations. To ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code and to ensure compliance with certain restrictions imposed by the City, the Project will be subject to a Regulatory Agreement, dated as of or after November 1, 2025 (the "Regulatory Agreement"), among the City, the Borrower, and the Fiscal Agent.

6. Approval of Financing Documents; Execution. The City Officials are hereby authorized and directed to execute and deliver the Funding Loan Agreement, the Project Loan Agreement, Obligations, the Bond Purchase Agreement, and the Regulatory Agreement, an Assignment of the Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing Statement (the "Assignment of Mortgage") from the City to the Fiscal Agent, and are hereby authorized and directed to execute and deliver any consents or such other documents and certificates as are necessary or appropriate in connection with the issuance, sale, and delivery of the Obligations, including without limitation various certificates of the City, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, an endorsement to the tax certificate of the Borrower as to arbitrage and rebate, a letter prepared in accordance with Section 42(m)(2)(D) of the Code evidencing the determination of the City, as the issuer of the Obligations, based on conclusions of a third party analyst, that the amount of tax credits to be allocated to the Project will not

exceed the amount necessary for the financial feasibility of the Project and its viability as a qualified low-income housing project, and similar documents (collectively, the “Financing Documents”), so long as the City’s Bond Counsel approves such documents.

All of the provisions of the Financing Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Financing Documents shall be substantially in the forms currently on file with the City, which are hereby approved, with such necessary and appropriate variations, omissions and insertions as are approved by bond counsel to the City and do not materially adversely change the substance thereof, and as the City Officials, in their discretion, shall determine, and the execution thereof by the City Officials shall be conclusive evidence of such determination. The City Officials are authorized and directed to execute any additional documents deemed necessary to carry out the intentions of this resolution and to complete the financing described herein, so long as City staff and legal counsel approve such documents.

The City hereby authorizes the Borrower to provide such security for payment of its obligations under the Funding Loan Agreement and the Project Loan Agreement and for payment of the Obligations, including the Mortgage, one or more guaranties, or other security agreed upon by the Borrower, Fiscal Agent and the Funding Lender and the City hereby approves the execution and delivery of such security.

7. Bond Opinion. The City hereby authorizes Kutak Rock LLP, as bond counsel, to prepare, execute, and deliver its approving legal opinions with respect to the Obligations.

8. Council Authority; No Personal Liability. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the City or the City Council by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the City or by such members of the City Council, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the City Council, or any officer, agent or employee of the City in that person’s individual capacity, and neither the City Council nor any officer or employee executing the Obligations shall be personally liable on the Obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

Except as otherwise expressly provided herein, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the City, or any holder of the Obligations issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the City, and any holder from time to time of the Obligations issued under the provisions of this resolution.

9. Severability. In case any one or more of the provisions of this resolution, other than the Sections 4, 8 and 12, or of the aforementioned documents, or of the Obligations issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Obligations, but this resolution, the aforementioned documents, and the Obligations shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

10. Validity. The Obligations, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Obligations and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Obligations, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

11. Authorization; Direction. The officers of the City, bond counsel, other attorneys, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Obligations, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Obligations, the aforementioned documents, and this resolution. If for any reason either of the City Officials is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the City Council or any officer of the City delegated the duties of such City Officials with the same force and effect as if such documents were executed and delivered by such City Officials.

12. City Costs. The Borrower shall pay the City's administrative fee in connection with the issuance of the Obligations, as provided in the Project Loan Agreement, 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 Obligations, whether or not the Obligations are issued, including any costs for attorneys' fees. The Borrower shall indemnify the City against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the City) arising with respect to the Project or the Obligations, as provided for and agreed to by the Borrower in the Project Loan Agreement.

13. Future Amendments and Consents. The authority to approve, execute and deliver future amendments to the Financing Documents herein authorized entered into by the City in connection with the issuance of the Obligations and any consents required under the Financing Documents is hereby delegated to the City Officials upon consultation with the City's Bond Counsel, subject to the following conditions: (a) such amendments or consents do not require the consent of the holder of the Obligations or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the City; (c) such amendments or consents do not contravene or violate any policy of the City; and (d) such amendments or consents are acceptable in form and substance to the City's Bond Counsel. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the City Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of either of the City Officials, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the City or the City authorized to act in his/her place and stead.

14. Governmental Program. The City has established a governmental program of acquiring purpose investments for qualified residential rental projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

- (a) the program involves the origination or acquisition of purpose investments;
- (b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;

(c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing Obligations of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) the City shall not waive the right to treat the investment as a program investment.

16. 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 7th day of October, 2025.

ATTEST:

City Clerk

Mayor

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