

Application for Approval of Local Bond Financing
Pursuant to Minn. Stat. 469.152 – 469.1655

The following exhibits must be furnished with this application:

- _____ An opinion of bond counsel that the proposal constitutes a project under Minn. Stat. 469.153, Subd. 2.
- _____ A copy of the resolution by the governing body of the Issuer giving preliminary or final approval for the issuance of its revenue bonds and stating that the project, except for a project under Minn. Stat. 469.153, Subd. 2(g) or (j), furthers the purposes of Minn. Stat. 469.152 – 469.165.
- _____ A letter of intent to purchase the bond issue or a letter confirming the feasibility of the project from a financial standpoint.
- _____ A comprehensive statement by the municipality indicating how the project satisfies the purposes of Minn. Stat. 469.152 - 469.165.
- _____ A statement signed by a representative of the Issuer that the project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.
- _____ A statement signed by a representative of the Issuer that a public hearing was conducted pursuant to Minn. Stat. 469.154, Subd. 4. The statement shall include the date, time and place of the meeting and certify that a draft copy of this application with all attachments was available for public inspection and that all interested parties were afforded an opportunity to express their views.
- _____ A statement signed by the principal representative of the issuing authority to the effect that upon entering into the revenue agreement, the information required by Minn. Stat. 469.154, Subd. 5 will be submitted to the Department (not applicable to projects under Minn. Stat. 469.153, Subd. 2(g) or (j)).
- _____ A plan for encouraging the targeting of employment opportunities to economically disadvantaged or unemployed individuals. (See Minn. Stat. 469.154, Subd. 7.) **The plan must indicate one or more specific steps that may include using employment offices (e.g., Minnesota Workforce Centers) for recruitment and placement, among other actions.**
- _____ Affidavit(s) of publication or copies of notice(s) as published which indicate the date(s) of publication and the newspaper(s) in which the notice(s) were published.

**Application for Approval of Local Bond Financing
Pursuant to Minn. Stat. 469.152 – 469.1655**

We, the undersigned, are principal officer(s) or representative(s) of the Issuer
and solicit DEED's approval of this project.

<hr/> <p style="text-align: center;">Signature</p> <hr/> <p style="text-align: center;">411 West First Street, Room 402</p> <hr/> <p style="text-align: center;">Street Address</p> <hr/> <p style="text-align: center;">mcartier@caduluth.com</p> <hr/> <p style="text-align: center;">E-Mail</p>	<hr/> <p style="text-align: center;">Matt Cartier, President</p> <hr/> <p style="text-align: center;">Print Name and Title</p> <hr/> <p style="text-align: center;">Duluth, MN 55802</p> <hr/> <p style="text-align: center;">City, State and Zip</p> <hr/> <p style="text-align: center;">May 26, 2021</p> <hr/> <p style="text-align: center;">Date</p>
<hr/> <p style="text-align: center;">Signature</p> <hr/> <p style="text-align: center;">411 West First Street, Room 402</p> <hr/> <p style="text-align: center;">Street Address</p> <hr/> <p style="text-align: center;">zfilipovich@duluthmn.gov</p> <hr/> <p style="text-align: center;">E-Mail</p>	<hr/> <p style="text-align: center;">Zack Filipovich, Secretary</p> <hr/> <p style="text-align: center;">Print Name and Title</p> <hr/> <p style="text-align: center;">Duluth, MN 55802</p> <hr/> <p style="text-align: center;">City, State and Zip</p> <hr/> <p style="text-align: center;">May 26, 2021</p> <hr/> <p style="text-align: center;">Date</p>

E-mail for the chief administrator or operating office of the issuer (municipality or redevelopment agency): cfleege@duluthmn.gov (Chris Fleege)

DEED Approval

<hr/> <p style="text-align: center;">Authorized Signature</p>	<hr/> <p style="text-align: center;">Approval Date</p>
<p><i>(Approval shall not be deemed to be an approval on the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued thereof.)</i></p>	

Send two copies of form and one copy of supporting documents noted on page 2 to:

Minnesota Department of Employment and Economic Development
Bob Isaacson, Executive Director, Business Finance Office
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, Minnesota 55101

Phone: 651-259-7458
E-mail: Bob.Isaacson@state.mn.us

EXHIBIT A

The Project will finance, refinance and reimburse all or a portion of the costs for the constructing, improving, renovating, furnishing and equipping senior housing, other than independent living facilities, and related health care facilities at the locations indicated below:

Benedictine Living Community – New Brighton located at 1101 Black Oak Drive, New Brighton, Minnesota;

Benedictine Living Community – Red Wing located at 135 – 213 Pioneer Road, Red Wing, Minnesota;

Benedictine Living Community – Duluth located at 925 Kenwood Avenue, Duluth, Minnesota;

Benedictine Living Community - Minneapolis located at 618 East 17th Street, Minneapolis, Minnesota;

Benedictine Living Community – Owatonna located at 2255 30th Street NW, Owatonna, Minnesota;

Benedictine Madonna Meadows located at 3035 Salem Meadows Drive SW, Rochester, Minnesota;

Benedictine Madonna Towers located at 4001 19th Avenue NW, Rochester, Minnesota;

Benedictine Living Community - Byron located at 551 Byron Main Court NE, Byron, Minnesota;

Benedictine Living Community – Regina located at 1175 Nininger Road, Hastings, Minnesota;

Benedictine Living Community Winona located at 1347 West Broadway, Winona, Minnesota;

Benedictine Living Community – St. Gertrude’s located at 1850 Sarazin Street, Shakopee, Minnesota;

Benedictine Living Community – Osseo located at 625 Central Avenue, Osseo, Minnesota; and

Benedictine Living Community – Crookston located at 516 Walsh Street, Crookston, Minnesota.

FRYBERGER

— LAW FIRM —

_____, 2021

Commissioner
Minnesota Department of Employment and
Economic Development
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

**Re: *Duluth Economic Development Authority
Revenue Bonds (Benedictine Health System), Series 2021***

We have reviewed a resolution adopted by the governing body of the Duluth Economic Development Authority (the "Issuer"), on May 26, 2021, entitled "Resolution Approving the Issuance of a Revenue Bonds (Benedictine Health System), Series 2021" (the "Resolution"), relating to a proposal that the Issuer issue its revenue bonds or revenue note under Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), to finance a capital project (the "Project") on behalf of Benedictine Health System, d/b/a Benedictine, a Minnesota nonprofit corporation (the "Borrower").

On the basis of our review of the Resolution and preliminary discussions with representatives of the Borrower as to the nature of the Project and its proposed financing by the Issuer, as of the date of this letter, it is our opinion that the Project constitutes a "project" within the meaning of Section 469.153, Subd. 2 of the Act, and that the Issuer is authorized, assuming further proceedings are taken in accordance with the provisions of the Act and any other applicable state and federal law, to issue its revenue note as proposed in the Resolution.

It is further our opinion, based on our review and preliminary discussions described above, that the revenue obligations to be issued by the Issuer would constitute "qualified 501(c)(3) bonds" pursuant to Section 145 of the Internal Revenue Code of 1986, as amended (the "Code"), which are not subject to the volume cap imposed by Section 146 of the Code. Therefore, an allocation is not required under Minnesota Statutes, Chapter 474A.

Respectfully submitted,

Fryberger, Buchanan, Smith & Frederick, P.A.

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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A.

CLOQUET
813 Cloquet Ave.
Cloquet, MN 55720
p: (218) 879-6830

DULUTH
302 West Superior St,
Ste 700
Duluth, MN 55802
p: (218) 722-0861

SUPERIOR
1409 Hammond Ave., Suite 330
Superior, WI 54880
p: (715)392-7405

ST. PAUL
c/o 302 West Superior St,
Ste 700
Duluth, MN 55802
p: (651)221-1044

RESOLUTION NO. 21-_____

RESOLUTION APPROVING THE ISSUANCE AND SALE OF REVENUE
BONDS (BENEDICTINE HEALTH SYSTEM), SERIES 2021

BE IT RESOLVED, by the Board of Commissioners of the Duluth Economic Development Authority, as follows:

- Section 1. Definitions. The terms used in this resolution (1) have the meanings assigned below or (2) the meanings assigned to them in the Bond Indentures or the Loan Agreements, unless the context, use or the rules of grammar indicate another or differing meaning or intent:
- a. 2021 Projects: constructing, improving, renovating, furnishing and equipping senior housing, other than independent living facilities, and related health care facilities in the approximate principal amounts and at the locations described on Attachment B.
 - b. Act: the Housing Act, the Joint Powers Act and the Municipal Industrial Development Act.
 - c. Authorized Officers: the President and Secretary of DEDA, or the deputy or acting designee of either of them.
 - d. Board: the Board of Commissioners of DEDA, DEDA's governing body.
 - e. Bond Counsel: the law firm of Fryberger, Buchanan, Smith & Frederick, P.A.
 - f. Bond Indentures: the Series A Bond Indenture and the Series B Bond Indenture.
 - g. Bond Purchase Agreement: the Bond Purchase Agreement to be entered into between the Underwriter, DEDA and the Obligor.
 - h. Bond Trustee: U.S. Bank National Association, a national banking association with an office located in St. Paul, Minnesota, its successors and assigns.
 - i. Bonds: the Series A Bonds, the Series B Bonds and the Series C Bonds.
 - j. Bremer: Bremer Bank, N.A., the purchaser of the Series B Bond.
 - k. City: the City of Duluth, Minnesota.
 - l. Code: the Internal Revenue Code of 1986.
 - m. Cooperation Agreements: the Cooperation Agreements between DEDA and each of the Housing Bonds Issuers.

- n. DEDA: the Duluth Economic Development Authority.
- o. DEDA Documents: collectively, the DEED Application, the Bond Purchase Agreement, the Cooperation Agreements, the Loan Agreements, and the Bond Indentures.
- p. DEED: the Minnesota Department of Employment and Economic Development.
- q. DEED Application: the application submitted to DEED on behalf of DEDA, requesting approval of the proposal for the 2021 Projects and the issuance of the portion of the Bonds financing the 2021 Projects.
- r. Documents: the DEDA Documents, the Obligors' Documents and any other documents required for the issuance of the Bonds.
- s. Executive Director: the Executive Director of DEDA.
- t. Final Official Statement: the Preliminary Official Statement completed to show the final terms of the Series A Bonds.
- u. Financing Purposes: making a loan to the Obligors for the purposes of financing the 2021 Projects, refunding the Refunded Bonds, financing issuance costs of the Bonds and funding debt service reserves for the Bonds.
- v. First Supplement: Supplemental Master Trust Indenture No. 1 to be entered into between the Obligated Group Agent, the Obligated Group and the Master Trustee authorizing the issuance of the Series A Note.
- w. Host Municipalities: the Cities of Ada, Byron, Crookston, Hastings, Lauderdale, Minneapolis, New Brighton, Osseo, Owatonna, Preston, Red Wing, Rochester, St. Paul Park, Shakopee and Spring Valley, Minnesota, DEDA, Goodhue County, Minnesota, the Port Authority of Winona and Steele County, Minnesota.
- x. Housing Act: Minnesota Statutes, Chapter 462C, as amended.
- y. Housing Bonds Issuers: the Cities of Ada, Byron, Crookston, Osseo and Shakopee, Minnesota, the Housing and Redevelopment Authority of the City of Duluth, Minnesota, and the Port Authority of Winona.
- z. Housing Programs: those housing program or programs adopted by each of the Housing Bonds Issuers for the Housing Project described therein and attached to each of the Cooperation Agreements, as applicable.

- aa. Housing Projects: the constructing, improving, renovating, furnishing and equipping senior housing facilities, as described in the Housing Programs at the locations listed on Attachment A.
- bb. Joint Powers Act: Minnesota Statutes, Section 471.59, as amended.
- cc. Lenders: Bremer and NBC.
- dd. Loan Agreements: the Series A Loan Agreement and the Series B Loan Agreement.
- ee. MAEDB: the Minnesota Agricultural and Economic Development Board.
- ff. Master Indenture: the Master Trust Indenture to be entered into among the Obligated Group Agent, the Obligated Group and the Master Trustee, as amended and supplemented, including as supplemented by the Supplements.
- gg. Master Trustee: U.S. Bank National Association, as master trustee under the Master Indenture.
- hh. Municipal Industrial Development Act: Minnesota Statutes, Sections 469.152 through 469.165, as amended.
- ii. NBC: National Bank of Commerce, the purchaser of the Series C Bond.
- jj. Obligated Group: a group composed of the Obligors, Benedictine Care Centers, Bridges Care Center, Benedictine Health Center, City of Lakes Care Center, Steele County Communities for a Lifetime, Inc., Madonna Meadows of Rochester, Madonna Summit of Byron, Madonna Towers of Rochester, Inc., Regina Senior Living, Saint Anne of Winona, St. Gertrude's Health Center, Steeple Pointe Senior Living Community, Villa St. Vincent, Benedictine Living Communities, Inc. and Living Services Foundation/Wahpeton, LLC.
- kk. Obligated Group Agent: Benedictine Health System, d/b/a Benedictine, as obligated group agent under the Master Indenture.
- ll. Obligated Group Notes: the Series A Note, the Series B Note and the Series C Note.
- mm. Obligors: Benedictine Health System d/b/a Benedictine, as Obligated Group Agent and its affiliates, including without limitation, Benedictine Care Centers; Bridges Care Center; Benedictine Health Center; City of Lakes Care Center; Koda Living Community f/k/a Steele County Communities for a Lifetime, Inc.; Madonna Meadows of Rochester; Madonna Summit of Byron, LLC f/k/a Living Services Foundation/Byron, LLC; Madonna Towers of Rochester, Inc.; Regina Senior Living; Saint Anne of Winona; St.

Gertrude's Health Center; Steeple Pointe Senior Living Community; and Villa St. Vincent, and their successors and assigns.

- nn. Obligors' Documents: the Loan Agreements, the Bond Purchase Agreement, the Master Indenture, the Supplements and the Obligated Group Notes.
- oo. Preliminary Official Statement: the preliminary offering materials for the Series A Bonds.
- pp. Projects: the Refinanced Projects (including the Housing Projects) and the 2021 Projects.
- qq. Qualified Services and Activities: health care facilities and services or revenue-producing facilities and services or senior housing facilities and services of organizations described in Section 501(c)(3) of the Code.
- rr. Refinanced Projects: the construction, improvement, renovation, furnishing and equipping of senior housing and health care facilities at the locations listed on Attachment B.
- ss. Refunded Bonds: the outstanding principal amount of the obligations designated as such on Attachment B.
- tt. Refunded Bonds Issuers: together the Cities of Ada, Byron, Crookston, Lauderdale, Owatonna, Preston, St. Paul Park, Shakopee and Spring Valley, Minnesota, the Housing and Redevelopment Authority of the City of Duluth, Minnesota, Goodhue County, Minnesota, the Port Authority of Winona and Steele County, Minnesota.
- uu. Registrar: the bond registrar, paying agent, authenticating agent and transfer agent for the Bonds.
- vv. Second Supplement: Supplemental Master Trust Indenture No. 2 to be entered into between the Obligated Group Agent, the Obligated Group and the Master Trustee authorizing the issuance of the Series B Note.
- ww. Series A Bond Indenture: the Bond Trust Indenture to be entered into between DEDA and the Bond Trustee authorizing the issuance of the Series A Bonds.
- xx. Series A Bonds: DEDA's Revenue Bonds (Benedictine Health System), Series 2021A.
- yy. Series A Loan Agreement: the Loan Agreement to be entered into between DEDA and the Obligors relating to the Series A Bonds.

- zz. Series A Note: the Master Indenture Note issued by the Obligated Group Agent pursuant to the Master Indenture and the First Supplement securing payment of the Series A Bonds.
- aaa. Series B Bonds: DEDA's Revenue Bonds (Benedictine Health System), Series 2021B.
- bbb. Series B Bond Indenture: the Bond Trust Indenture to be entered into between DEDA and the Bond Trustee authorizing the issuance of the Series B Bonds and the Series C Bonds.
- ccc. Series B Loan Agreement: the Loan Agreement to be entered into between DEDA and the Obligors relating to the Series B Bonds and the Series C Bonds.
- ddd. Series B Note: the Master Indenture Note issued by the Obligated Group Agent pursuant to the Master Indenture and the Second Supplement securing payment of the Series B Bonds.
- eee. Series C Bonds: DEDA's Revenue Bonds (Benedictine Health System), Series 2021C.
- fff. Series C Note: the Master Indenture Note issued by the Obligated Group Agent pursuant to the Master Indenture and the Third Supplement securing payment of the Series C Bonds.
- ggg. Special Tax Counsel: the law firm of Gilmore & Bell, P.C.
- hhh. State: the State of Minnesota.
- iii. Supplements: the First Supplement, the Second Supplement and the Third Supplement.
- jjj. Tax Certificate: the certificate of the Obligors, in customary form prepared by Special Tax Counsel and approved as to form by Bond Counsel to demonstrate compliance with the conditions of the Code, which allow for interest on the Bonds to be excludable from the gross income of the owners of the Bonds for federal income tax purposes (including any other bonds making up a single issue for federal income tax purposes).
- kkk. Third Supplement: Supplemental Master Trust Indenture No. 3 to be entered into between the Obligated Group Agent, the Obligated Group and the Master Trustee authorizing the issuance of the Series C Note.
- III. Underwriter: Herbert J. Sims & Company, Inc.

Section 2. Summary of the Documents. Bond Counsel has provided the following information relating to the Documents:

- a. In the *Bond Indentures*, DEDA pledges and grants a security interest to the Bond Trustee in all of its right, title, and interest in the Loan Agreements (except for certain rights of DEDA to payment, indemnification and enforcement) and all moneys on deposit with the Bond Trustee under the Bond Indentures, for the benefit of the owners of the Bonds authorized to be issued under such Bond Indenture. The Bond Indentures set forth the terms and conditions, covenants, rights, obligations, duties and agreements of the owners of the Bonds, DEDA and the Bond Trustee.
- b. In the *Loan Agreements*, DEDA loans the proceeds of the Bonds referenced therein to the Obligors and the Obligors agree to repay the loans in the amounts and at the times required to pay the principal of, premium, if any, and interest on the related Bonds in full when due. In addition, the Loan Agreements contain provisions requiring the Obligors to pay the administrative and legal costs incurred by DEDA in connection with the Bonds (including post-issuance expenses, if any) and DEDA's administrative fee required by DEDA as a condition to issue the Bonds. In addition, the Obligors agree and are obligated to indemnify, provide reports, and permit enforcement by DEDA of its rights under the Loan Agreements.
- c. The Obligors' payment obligations under the Loan Agreements are proposed to be secured by the *Obligated Group Notes*, issued by the Obligated Group Agent under and according to the terms of the *Master Indenture* and payable and secured under the Master Indenture on the same basis as all other obligated group notes. One Obligated Group Note will be issued in a stated principal amount equal to the stated principal amount of each series of the Bonds and will bear interest at the rate or rates payable from time to time on such series of the Bonds. Each member of the Obligated Group is jointly and severally liable for payment of the Obligated Group Notes. The Obligated Group Notes are payable to the Bond Trustee.
- d. The *Supplements* are required under the Master Indenture to authorize issuance of the Obligated Group Notes and to establish the terms of the Obligated Group Notes.
- e. As required by the Code, DEDA will execute an endorsement to the *Tax Certificate*, in customary form prepared by Special Tax Counsel and approved as to form by Bond Counsel to demonstrate compliance with the conditions required for interest on the Bonds to be excludable from the gross income of the owners of the Bonds for federal income tax purposes.
- f. The *Cooperation Agreements* are entered into pursuant to the Joint Powers Act. In the Cooperation Agreements, each of the Housing Bonds Issuers consents to the use by DEDA of its Housing Program and authorizes DEDA to rely on its Housing Program in connection with the issuance of the portion of the Bonds refinancing such Housing Program.

Section 3. Recitals Regarding Proceedings. The Board makes the following recitals of fact:

- a. Bond Counsel has informed the Board that:
 - i. A notice of public hearing by DEDA on the proposed issuance of the Bonds and the proposal of the Obligors to undertake and finance and refinance the Projects was published in the *Duluth News Tribune*, DEDA's official newspaper and a newspaper of general circulation; and
 - ii. A notice of public hearings by MAEDB and DEDA on the proposed issuance of the Bonds and the proposal of the Obligors to undertake and finance and refinance the Projects was published in the official newspaper of and newspaper of general circulation in each of the Host Municipalities, including the City, provided that if the official newspaper was a newspaper of general circulation, the notice was published only once.
- b. DEDA held a public hearing by telephone and other electronic means on the Projects and the financing thereof on May 26, 2021, and all persons in attendance wishing to speak on the proposed issuance of the Bonds and the proposal of the Obligors to undertake and finance the Projects, if any, were given an opportunity to do so.
- c. MAEDB, through its designated hearing officer, held a public hearing by telephone and other electronic means on the Projects and the financing thereof on April 29, 2021, and all persons in attendance wishing to speak on the proposed issuance of the Bonds and the proposal of the Obligors to undertake and finance the Projects, if any, were given an opportunity to do so.
- d. Drafts of the forms of the Documents have been made available to this Board and are on file in the office of the Executive Director.

Section 4. Recitals Relating to the Joint Exercise of Powers.

- a. Portions of the Projects are located within the jurisdiction of DEDA and each of the other Host Municipalities.
- b. Each of the Refunded Bonds Issuers (including the Housing Bonds Issuers) have consented to the refunding of the Refunded Bonds.
- c. Each of the Host Municipalities in which any portion of the Projects is located have consented to the issuance of the Bonds by DEDA to finance the Projects located within its jurisdiction.

- d. Each of the Housing Bonds Issuers has agreed to enter into a Cooperation Agreement with DEDA to permit the Housing Programs to be refinanced through the issuance of a portion of the Bonds by DEDA under the Housing Act.

Section 5. Recitals Regarding the Obligors and the Projects and the Financing Purposes. The Board makes the following recitals of fact:

- a. Bond Counsel has advised DEDA that:
 - i. the purpose of the Municipal Industrial Development Act, as found and determined by the legislature, is to promote the welfare of the State by the active promotion, attraction, encouragement and development of economically sound industry and commerce through governmental action to prevent, so far as possible, the emergence of blighted and marginal lands and areas of chronic unemployment;
 - ii. the purpose of the Housing Act, as found and determined by the legislature, is to permit municipalities to finance multifamily housing developments or the rehabilitation of multifamily housing developments under a housing program.
 - iii. under the Act, DEDA is authorized and empowered to issue revenue obligations such as the Bonds for the Financing Purposes.
- b. Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land uses which will provide an adequate tax base to finance these increased costs and access to employment opportunities for the area population.
- c. DEDA has been advised by representatives of the Obligors that: (i) each Obligor is a Minnesota nonprofit corporation or Delaware Limited Liability Company; (ii) each Obligor and each other member of the Obligated Group is an organization described in Section 501(c)(3) of the Code or treated as such under applicable federal law; (iii) each Obligor and its affiliates benefitted by the Bonds are each engaged in Qualified Services and Activities; (iv) financing the capital cost of the 2021 Projects and refunding the Refunded Bonds on a tax exempt basis will benefit their operations; (v) on the basis of information submitted to the Obligors and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Bonds could be issued and sold upon favorable rates and terms to finance and refinance the Projects; (vi) the Projects would not be undertaken, or refinanced, as applicable, in their present form but for the availability of financing under the Act; and (vii) no public official of DEDA

has either a direct or indirect financial interest in the Projects nor will any public official either directly or indirectly benefit financially from the Projects.

- d. The Obligors have agreed to pay any and all costs incurred by DEDA in connection with the issuance of the Bonds, whether or not the issuance is carried to completion.
- e. The Board has relied without independent investigation on written representations and opinions of the Obligors, its consultants, and Bond Counsel that each of the Projects qualifies either as a “project” as defined in Section 469.153, subdivision 2(d) of the Municipal Industrial Development Act or as a Housing Program under the Housing Act.

Section 6. Findings. The Board finds, determines and declares as follows:

- a. The welfare of the State requires the provision of necessary health care and senior housing facilities so that adequate health care and senior housing services are available to residents of the State at reasonable cost.
- b. DEDA desires to facilitate the selective development of the State, retain and improve the tax base and help provide the range of services and employment opportunities required by the population. The Projects will assist DEDA in achieving those objectives; and enhance the image and reputation of the State.
- c. On the basis of information made available to DEDA by the Obligors, it appears, and DEDA finds, that: (i) the Projects constitute properties, used or useful in connection with a revenue producing enterprise providing health care or housing services; (ii) the Projects further the purposes stated in the Act; (iii) the Projects would not be undertaken but for the availability of financing under the Act and the willingness of DEDA to furnish financing; and (iv) the effect of the Projects, if undertaken, will be to: (A) encourage the development of economically sound industry and commerce, (B) assist in the prevention of the emergence of blighted and marginal land, (C) help prevent chronic unemployment, (D) provide the range of service and employment opportunities required by the population, (E) help prevent the movement of talented and educated persons out of the State where their services may not be as effectively used, (F) promote more intensive development and appropriate use of land within the State, eventually to increase the tax base of the State; and (G) provide adequate health care services to residents of the State at a reasonable cost.

Section 7. Approval of the Projects and the Bonds. The Projects are approved. Issuance of the Bonds for the Financing Purposes in an aggregate principal amount of not to exceed \$_____ (excluding original issue

discount or premium with respect to any series of Bonds) is approved and authorized, subject to the following:

- a. The Series A Bonds shall be sold to the Underwriter, subject to satisfaction of the terms of the Bond Purchase Agreement.
- b. The Series B Bonds shall be sold to Bremer, subject to satisfaction by the Obligors of the terms and conditions imposed by Bremer as conditions precedent to the purchase of the Series B Bonds, the payment of the purchase price of the Series B Bonds by Bremer to be conclusive proof of such satisfaction.
- c. The Series C Bonds shall be sold to NBC, subject to satisfaction by the Obligors of the terms and conditions imposed by NBC as conditions precedent to the purchase of the Series C Bonds, the payment of the purchase price of the Series C Bonds by Bremer to be conclusive proof of such satisfaction.
- d. The Bonds are to be issued pursuant to the Act and the Indentures. The Obligors are authorized to approve the final interest rate or rates on the Bonds, subject to such adjustment as may be provided for in the Bond Indentures and the Bonds, and upon the terms and conditions specified in this Resolution, the Bond Indentures and the Bonds. The Bonds shall contain a recital that they are issued pursuant to the Act as conclusive evidence of their validity and of the regularity of their issuance. Subject to clause e, below, the Bonds (i) are to be designated, be dated, be in substantially the form, be signed, be in the denominations, have maturities and be subject to redemption as provided in the Bond Indentures and (ii) will bear interest at rates approved by the Obligors and be described and have such other details and provisions as specified in the Bond Indentures. The Bonds will bear the designations set forth in the Bond Indentures.
- e. The purchase price of the Bonds shall be at a price expressed as a percentage of their par value, less any portion of the stated principal amount of the Bonds which represents original issue discount (as defined in the Code). The maturity date of any of the Bonds cannot exceed 40 years from the date of closing and delivery of the Bonds.
- f. The Bonds must be in substantially the form attached to the Bond Indentures, with appropriate variations, omissions and insertions permitted or required by this resolution, and as may be necessary and appropriate and approved by Bond Counsel and the Obligors. The Bonds are incorporated by reference.

- g. The Authorized Officers, with advice of Bond Counsel, are authorized and directed to execute, acknowledge and deliver the Bonds. The seal of DEDA may be omitted as allowed by law. The execution of the Bonds by the Authorized Officers is conclusive evidence of approval of the Bonds in accordance with the terms of this resolution.

Section 8. Approval and Execution of Documents and Certificates.

- a. The DEDA Documents, the endorsement to the Tax Certificate, and the Bonds are made a part of this resolution and are approved in substantially the forms on file with DEDA.
- b. The Authorized Officers (individually or with one or more other officers and members of DEDA) are authorized and directed:
 - i. to execute, acknowledge and deliver the DEDA Documents, the endorsement to the Tax Certificate, and the Bonds on behalf of DEDA with such changes, insertions and omissions therein as DEDA's attorney or Bond Counsel may hereafter approve; provided that the seal of DEDA may be omitted as allowed by law;
 - ii. to execute and deliver all other documents which may be required under the terms of the DEDA Documents or the Bonds or by Bond Counsel;
 - iii. to take any other action required or deemed appropriate on the advice of Bond Counsel for the performance of DEDA's duties necessary to carry out the purposes of the Bonds and the DEDA Documents;
 - iv. furnish certified copies of this resolution, all proceedings and records of DEDA relating to the Bonds, and any other affidavits and certificates required, in the opinion of Bond Counsel, to show the facts relating to DEDA respecting the Bonds, as the facts appear from the books and records in DEDA's custody and control or as otherwise known to them; and
 - v. to take such further action, including without limitation holding any additional hearings and coordinating additional approvals, and to execute such additional instruments, as may be required or deemed appropriate at any time in the future in connection with the Bonds and the Projects, including in connection with any refinancing or reissuance in whole or in part thereof, and in connection with any federal tax law remedial actions related to sales, leases or other dispositions or uses of all or any part of the Projects and related changes to uses and allocations of proceeds of tax-exempt obligations.

- c. The execution by the Authorized Officers of the DEDA Documents is conclusive evidence of their approval in accordance with the terms of this resolution.
- d. The Obligors' Documents are accepted in substantially the forms on file with DEDA.

Section 9. Absent or Disabled Officers. If any of the Authorized Officers or any other officer, employee or agent of DEDA authorized to execute certificates, instruments, or other written documents on behalf of DEDA:

- a. ceases to be an officer, employee or agent of DEDA after he or she has executed any certificate, instrument or other written document, the validity or enforceability of the certificate, instrument or other written document signed by them is not affected; or
- b. is unavailable to execute certificates, instruments or other written documents, the certificates, instruments or other written documents may be executed by a deputy or assistant to the unavailable officer, or any other officer of DEDA who is, in the opinion of Bond Counsel, authorized to sign the certificates, instruments or other written documents, with full force and effect.

Section 10. Future Amendments.

- a. After the adoption of this resolution, but prior to the issuance and delivery of the Bonds to the Bond Trustee, the original aggregate principal amount of the Bonds, the maturity date of the Bonds, the principal amount of the Bonds due on each payment date, the interest rate of the Bonds prior to the first Mandatory Tender Date (as defined in the Bond Indenture), the date of the documents referenced in this resolution and the Bonds, and the terms of redemption of the Bonds may be established or modified by the Obligors with the approval of the Authorized Officers; provided that the aggregate principal amount of the Bonds may not be increased from the amounts set forth in this resolution.
- b. The authority to approve, execute and deliver, on behalf of DEDA, future amendments to the Loan Agreements are delegated to the Authorized Officers, subject to the conditions established in the applicable Bond Indenture and Loan Agreement; provided that the Board must approve any changes which, in the opinion of Bond Counsel affect the Unassigned Rights, as defined in the Bond Indentures.
- c. The authorization given above is an authorization for the execution and delivery of any certificates and related items required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by one or more of the

Authorized Officers is conclusive evidence of the approval in accordance with the terms of this resolution.

Section 11. Registered Form. The Bonds must be issued only in fully registered form, numbered and in such denominations as provided for each series of the Bonds in the Bond Indentures.

Section 12. Bond Trustee; Bond Registrar; Paying Agent. DEDA appoints the Bond Trustee as trustee, registrar and paying agent for the Bonds.

Section 13. Limitations.

- a. *Limitation on Payment and Nature of Security*. The revenues and proceeds derived from the DEDA Documents are specifically pledged to the payment of the principal of and interest on the Bonds in the manner and to the extent specified in this resolution, the Bonds and the Documents; and nothing in this resolution, the Bonds and the Documents assigns, pledges or otherwise encumbers any other funds or assets of DEDA. The Bonds do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of DEDA, except the portion of the Projects mortgaged or otherwise encumbered under the provisions and for the purposes of the Act. Notwithstanding anything contained in the resolution, the Bonds or the Documents or any other document referred to in the resolution, the Bonds or the Documents to the contrary, under the provisions of the Act, the Bonds may not be payable from nor charged upon any funds other than the revenue pledged to its payment under the DEDA Documents. No holder of the Bonds will ever have the right to compel any exercise of the taxing power of DEDA to pay the Bonds or the interest thereon, or to enforce payment of the Bonds against any property of DEDA except the portion of the Projects mortgaged or otherwise encumbered under the provisions and for the purpose of the Act. The Bonds are not a debt of DEDA within the meaning of any constitutional or statutory limitation. However, nothing impairs the rights of the holder of the Bonds to enforce covenants made for the security of the Bonds as provided in Section 469.163 of the Act.
- b. *Limitation of Liability*. DEDA is not subject to any liability on the Bonds. No agreement, covenant or obligation contained in this resolution or in the Documents is an agreement, covenant or obligation of any member of the Board, or of any officer, employee or agent of DEDA in that person's individual capacity. Neither the members of the Board, nor any officer executing the Bonds or the Documents, is liable personally on the Bonds or subject to any personal liability or accountability by reason of the issuance of the Bonds or execution of the Documents.
- c. *Limitation on Rights Conferred*. Nothing in this resolution or in the Documents will or is intended to be construed to confer upon any person (other than as provided in the Bonds, the DEDA Documents, and the other

agreements, instruments and documents by approved in this resolution) any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provision of this resolution.

Section 14. Offering and Disclosure Materials. DEDA has not participated in the preparation of the Official Statement, and has made no independent investigation with respect to the information contained therein, including the appendices thereto, other than the information therein relating solely to DEDA under the captions “THE AUTHORITY” and “LITIGATION – THE AUTHORITY” (solely as it pertains to DEDA), a draft of which is attached hereto as Attachment C and such information is approved in substantially the form attached, and DEDA assumes no responsibility for the sufficiency, accuracy or completeness of such information.

Section 15. DEED Approval; Conditions Precedent.

- a. The Authorized Officers are authorized and directed to work with Bond Counsel to facilitate submission of the DEED Application to DEED, and other officers, employees and agents of DEDA are authorized to provide DEED with any information it requires. Bond Counsel is authorized and directed to submit the DEED Application to DEED requesting approval.
- b. Notwithstanding anything in this resolution to the contrary, delivery of the Bonds is subject to and contingent upon the following:
 - i. the 2021 Projects and the issuance of a portion of the Bonds therefor are approved by DEED;
 - ii. the Projects and the issuance of the Bonds are approved by the Mayor of the City, in a separate writing;
 - iii. each of the Host Municipalities has consented to the issuance by DEDA of the Bonds financing the portion of the Projects located in its jurisdiction;
 - iv. MAEDB has approved the Projects and the issuance of the Bonds; and
 - v. the Obligors have agreed in writing to pay DEDA its administrative fee in the amount equal to 0.25% of the final stated principal amount of the Bonds.

Section 16. Severability. If any provision of this resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or

unenforceable in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this resolution contained shall not affect the remaining portions of this resolution or any part thereof.

Section 17. Effective Date. This resolution shall take effect immediately.

Attachment A – Housing Projects

Attachment B – Refunded Bonds and Refinanced Projects and 2021 Projects

Attachment C – Offering and Disclosure

Approved by the Duluth Economic Development Authority this 26th day of May, 2021.

ATTEST:

Executive Director

STATEMENT OF PURPOSE: This resolution authorizes the issuance of tax-exempt bonds by DEDA (the “Bonds”) to finance improvements to health care facilities owned and operated by Benedictine Health System, d/b/a Benedictine or one or more of its affiliates located in Duluth and the Cities of Ada, Byron, Crookston, Hastings, Lauderdale, Minneapolis, New Brighton, Osseo, Owatonna, Preston, Red Wing, Rochester, St. Paul Park, Shakopee, Spring Valley and Winona, Minnesota.

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ATTACHMENT A
HOUSING PROJECTS

Benedictine Living Community – Ada located at 201 Ninth Street West, Ada, Minnesota;

Benedictine Living Community Winona located at 1347 West Broadway, Winona, Minnesota;

Benedictine Living Community – St. Gertrude's located at 1850 Sarazin Street, Shakopee, Minnesota;

Benedictine Living Community – Duluth located at 925 Kenwood Avenue, Duluth, Minnesota;

Benedictine Living Community – Osseo located at 625 Central Avenue, Osseo, Minnesota;

Benedictine Living Community – Crookston located at 516 Walsh Street, Crookston, Minnesota; and

Benedictine Living Community – Byron located at 551 Byron Main Court NE, Byron, Minnesota.

ATTACHMENT B

REFUNDED BONDS AND REFINANCED PROJECTS AND 2021 PROJECTS

Refunded Bonds and Refinanced Projects

Proceeds of the Bonds are expected to be used to refinance the following tax-exempt debt obligations (collectively, the “*Refunded Bonds*”) in the approximate outstanding principal amounts shown below, issued for the benefit of Benedictine, the proceeds of which were used to finance, refinance and reimburse the costs of constructing, improving, renovating, furnishing and equipping senior housing and health care facilities, at the locations indicated below (the “*Refinanced Projects*”):

- (1) \$2,500,000 Port Authority of Winona, Minnesota Housing Revenue Refunding Note, Series 2004 (Saint Anne of Winona Project), for facilities of Benedictine Living Community Winona located at 1347 West Broadway, Winona, Minnesota (“BLC-Winona”);
- (2) \$1,800,000 Port Authority of Winona, Minnesota Housing Facility Revenue Note, Series 2010 (Saint Anne of Winona Project), for facilities at BLC-Winona;
- (3) \$2,300,000 City of Ada, Minnesota Multifamily Housing Development Revenue Note, Series 2012A (Bridges Care Center Project), for facilities at Benedictine Living Community – Ada located at 201 Ninth Street West, Ada, Minnesota;
- (4) \$11,600,000 City of Shakopee, Minnesota Health Care and Housing Facilities Revenue Refunding Notes (Benedictine Health System Obligated Group) Series 2013A and Series 2013B, for facilities of: (A) Benedictine Living Community – Osseo located at 625 Central Avenue, Osseo, Minnesota (“BLC-Osseo”); (B) Benedictine Living Community – St. Gertrude’s located at 1850 Sarazin Street, Shakopee, Minnesota (“BLC-St. Gertrude”) (C) Benedictine Living Community – Minneapolis located at 618 East 17th Street, Minneapolis, Minnesota (“BLC-Minneapolis”);
- (5) \$4,200,000 DEDA Health Care Facilities Revenue Note, Series 2013 (Benedictine Health Center Project), for facilities at Benedictine Living Community – Duluth located at 925 Kenwood Avenue, Duluth, Minnesota (“BLC-Duluth”);
- (6) \$3,450,000 DEDA Health Care Facilities Revenue Note, Series 2014 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (7) \$4,200,000 Housing and Redevelopment Authority of Duluth, Minnesota (“HRA-Duluth”) Health Care Facilities Revenue Note, Series 2013 (Benedictine Health Center Project), for facilities at BLC-Duluth;

- (8) \$3,450,000 HRA-Duluth Health Care Facilities Revenue Note, Series 2014 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (9) \$6,000,000 HRA-Duluth Health Care Facilities Revenue Refunding Note, Series 2017 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (10) \$3,850,000 City of St. Paul Park, Minnesota Healthcare Facilities Revenue Bonds (Regina Senior Living Project) Series 2013, for facilities at Benedictine Living Community – Regina located at 1175 Nininger Road, Hastings, Minnesota (“BLC-Regina”);
- (11) \$4,500,000 City of Crookston, Minnesota Health Care Revenue Refunding Note, Series 2013A (Villa St. Vincent Project), for facilities at Benedictine Living Community – Crookston located at 516 Walsh Street, Crookston, Minnesota (“BLC-Crookston”);
- (12) \$7,200,000 City of Byron, Minnesota Amended and Restated Senior Housing Facility Revenue Notes (Living Services Foundation/Byron Project) Series 2014A, for facilities at Benedictine Living Community – Byron located at 551 Byron Main Court NE, Byron, Minnesota (“BLC-Byron”);
- (13) \$1,600,000 City of Byron, Minnesota Amended and Restated Subordinate Senior Housing Facility Revenue Bonds (Living Services Foundation/Byron Project) Series 2014B, for facilities at BLC-Byron;
- (14) \$6,500,000 City of Preston, Minnesota Healthcare Facilities Revenue Note, Series 2015 (Madonna Living Community of Rochester), for facilities of: (A) Benedictine Madonna Meadows located at 3035 Salem Meadows Drive SW, Rochester, Minnesota (“Madonna Meadows”); and (B) Benedictine Madonna Towers located at 4001 19th Avenue NW, Rochester, Minnesota (“Madonna Towers”);
- (15) \$6,500,000 City of Spring Valley, Minnesota Healthcare Facilities Revenue Note, Series 2015 (Madonna Living Community of Rochester), for facilities of: (A) Madonna Meadows; and (B) Madonna Towers;
- (16) \$8,600,000 City of Lauderdale, Minnesota Health Care Facilities Revenue Refunding Note (Benedictine Health System Obligated Group) Series 2016A, for facilities of: (A) Benedictine Living Community – Red Wing located at 135 – 213 Pioneer Road, Red Wing, Minnesota (“BLC–Red Wing”); and (B) Benedictine Living Community – New Brighton located at 1101 Black Oak Drive, New Brighton, Minnesota (“BLC-New Brighton”);
- (17) \$9,000,000 Goodhue County, Minnesota Health Care Facilities Revenue Note (Benedictine Health System Obligated Group) Series 2016B, for facilities at BLC–Red Wing;

- (18) \$4,300,000 City of Owatonna, Minnesota Nursing Facility Revenue Refunding Note (Steele County Communities for a Lifetime Koda Living Community Project), Series 2017, for facilities of Benedictine Living Community – Owatonna located at 2255 30th Street NW, Owatonna, Minnesota (“BLC-Owatonna”); and
- (19) \$8,600,000 Steele County, Minnesota Nursing Facility Revenue Refunding Note Steele County Communities for a Lifetime Koda Living Community Project), Series 2017, for facilities at BLC–Owatonna.

2021 Projects

Approximately \$12,400,000 of the proceeds of the Bonds are expected to be used to finance, refinance and reimburse all or a portion of the costs for the constructing, improving, renovating, furnishing and equipping senior housing, other than independent living facilities, and related health care facilities in the approximate principal amounts at the locations indicated below (the “2021 Projects”): \$5,500,000 at BLC-New Brighton; \$300,000 at BLC-Red Wing; \$600,000 at BLC-Duluth; \$1,000,000 at BLC-Minneapolis; \$300,000 at BLC-Owatonna; \$200,000 at Madonna Meadows; \$600,000 at Madonna Towers; \$200,000 at BLC-Byron; \$1,000,000 at BLC-Regina; \$600,000 at BLC-Winona; \$800,000 at BLC-St. Gertrude; \$300,000 at BLC-Osseo; and \$1,000,000 at BLC-Crookston. Benedictine, at its discretion, may allocate proceeds of the Bonds to any of the above described projects to finance, refinance or reimburse all, a part, or none of the improvements at each location.

ATTACHMENT C
OFFERING AND DISCLOSURE

THE AUTHORITY

The Authority is a public body, corporate and politic, and political subdivision organized and existing under the Constitution and the laws of the State of Minnesota and exercises economic development and redevelopment powers on behalf of the City of Duluth, Minnesota.

By Resolution No. 89-0323, adopted on April 24, 1989, the City Council established the Authority pursuant to Minnesota Statutes, Sections 469.090 through 469.108. The Act, as hereinafter defined, authorizes the Authority to issue revenue bonds to finance, among other activities, the cost of projects suitable or used in connection with hospital, healthcare or nursing home facilities and to refund bonds previously issued under the Act.

The Authority is governed by a seven person Board of Commissioners. The Commissioners are appointed by the Mayor of the City of Duluth subject to confirmation by the City of Duluth City Council. The current composition of the Board of Commissioners is as follows:

Matt Cartier, President	Derek Medved
Tim McShane, Vice President	ChaQuana McEntyre
Zach Filipovich, Secretary	Ellie Just
Roz Randorf, Treasurer	

The stated purpose of the Authority as articulated by the City Council is to preserve and create jobs, enhance the tax base, implement certain housing initiatives, promote the general welfare of the people of the City of Duluth and assume primary responsibility for development activities within the City of Duluth, including operation and management of tax increment financing districts.

Pursuant to the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165 (the "Act"), the Authority is authorized to issue the Series 2021A Bonds and to lend the proceeds thereof to the Corporation and the Obligors for the purposes described herein. As required by the Act, the Series 2021A Bonds shall not be payable from or charged upon the funds of the Authority or the City of Duluth other than the proceeds of the Series 2021A Bonds and the payments to be made under the Loan Agreement and the Series 2021A Master Note and pledged to the payment of the Series 2021A Bonds, nor shall the Authority or the City of Duluth be subject to any liability thereon. No Holder of any Series 2021A Bonds shall have the right to compel any exercise of the taxing power of the City of Duluth to pay the Series 2021A Bonds or the interest thereon nor to enforce payment against any property of the Authority or the City of Duluth other than the proceeds of the Series 2021A Bonds and the payments to be made under the Loan Agreement and the Series 2021A Master Note which are pledged to the payment of the Series 2021A Bonds. The Authority has no taxing power.

LITIGATION

THE AUTHORITY

There is not now pending, after service of process, or, to the knowledge of the Authority, threatened, any litigation against the Authority related to the Series 2021A Bonds that questions or affects the (i) validity of the Series 2021A Bonds or the proceedings or authority under which they will be issued or (ii) right of the Authority to enter into the Bond Indenture or the Loan Agreement or to secure the Series 2021A Bonds in the manner provided in the Bond Indenture and the relevant statutes under which the Series 2021A Bonds will be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officers of the Authority to their respective offices is being contested.

**STATEMENT CONCERNING A PROPOSED PROJECT
UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.1655**

The undersigned, being the duly qualified and acting President of the Duluth Economic Development Authority, St. Louis County, Minnesota (the "Issuer"), certifies that the governing body of the Issuer has been provided by Benedictine Health System, d/b/a Benedictine, a Minnesota nonprofit corporation (the "Borrower"), or its representatives, with certain information concerning a proposed Project under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"). On the basis of such information the Issuer, by resolution adopted May 26, 2021, has given approval to the proposed project and its financing by the issuance of a revenue obligation or obligations of the Issuer. The following are factors considered by the governing body of the Issuer in determining to give preliminary approval to said project:

1. The project (the "Project") is described in Exhibit A to the *Minnesota Department of Employment and Economic Development, Application for Approval of Local Bond Financing – Pursuant to Minn. Stat. 469.152 – 469.1655*, dated May 26, 2021, submitted for the project by the Issuer (the "Application"). The Borrower intends to finance the Project through the use of tax-exempt obligations issued by the Issuer.

2. Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel for the Project, is of the opinion that the Project constitutes a "project" within the meaning of Minnesota Statutes, Section 469.153, Subd. 2.

3. Based on the representations of the Borrower, it is the opinion of the governing body of the Issuer that the Project, when completed, will provide necessary facilities so that adequate health care services are available to area residents at a reasonable cost.

4. The number of current full-time and part-time jobs at the Project location and new (not currently in Minnesota) permanent jobs created by the Project are indicated in the Application. The governing body of the Issuer believes that the existence of the Project within the jurisdiction of the Issuer will help prevent chronic unemployment and the movement of talented and educated persons out of the state, or to areas within the state where these services may not be as effectively used and provide services needed by the residents of the Issuer.

5. The Issuer will, upon entering into a revenue agreement, comply with the requirements of Minnesota Statutes, Section 469.154, Subd. 5.

6. Based on representations of the Borrower as to the nature of the Project, the Project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

7. A public hearing was conducted on May 26, 2021, at the Board of Commissioners Chambers, 411 West First Street, Room 402, Duluth, Minnesota, at 5:15 p.m. pursuant to Minnesota Statutes, Section 469.154, Subd. 4, to consider the proposal

that the Issuer undertake and finance the Project. A draft copy of the Application with all attachments was available for public inspection. All interested parties were afforded an opportunity to express their views.

Dated: May 26, 2021.

President

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[HJ Sims & Co. Inc. Stationery]

_____, 2021

Commissioner
Minnesota Department of Employment and
Economic Development
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

Duluth Economic Development Authority
411 West First Street, Room 402
Duluth, MN 55802

Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, MN 55802

At the request of Benedictine Health System, d/b/a Benedictine, a Minnesota nonprofit corporation (the "Borrower"), we have undertaken a study of the financing required to facilitate the Borrower's financing the cost of the project described in Exhibit A to the Minnesota Department of Employment and Economic Development, Application for Approval of Local Bond Financing – Pursuant to Minn. Stat. 469.152 – 469.1655, dated May 26, 2021, submitted for the project on behalf of the Duluth Economic Development Authority. This financing will be referred to as the Duluth Economic Development Authority Revenue Bonds (Benedictine Health System), Series 2021.

It is our opinion, on the basis of current financial information, that the revenue obligations of the Duluth Economic Development Authority can be successfully issued and sold.

Sincerely,

HJ SIMS & CO. INC.

By _____
Its _____

NOTICE OF PUBLIC HEARING

DULUTH ECONOMIC DEVELOPMENT AUTHORITY, ST. LOUIS COUNTY, MINNESOTA

BY TELEPHONE OR OTHER ELECTRONIC MEANS PURSUANT TO MINNESOTA STATUTES, SECTION 13D.021 ON A PROPOSAL TO FINANCE PROJECTS AND A PLAN TO FINANCE AND REFINANCE QUALIFIED 501(C)(3) SENIOR HEALTH CARE AND HOUSING FACILITIES

NOTICE IS GIVEN that the Board of Commissioners (the "Board") of the Duluth Economic Development Authority, St. Louis County, Minnesota ("DEDA") will meet by telephone or other electronic means pursuant to Minnesota Statutes, Section 13D.021 on Wednesday, May 26, 2021, at 5:15 p.m., or as soon thereafter as reasonably possible to conduct a public hearing (the "Hearing") and take action on the proposed plan of finance described in in the following paragraph of this notice. The regular meeting place of the Board is the Duluth City Council Chambers at City Hall, 411 West First Street, in Duluth, Minnesota. At this time members of the Board do not intend to attend the Hearing in person; due to continually evolving restrictions and guidance from state and federal officials and agencies, the members of the Board will attend the Hearing remotely via telephone or other electronic means pursuant to Minnesota Statutes Section 13D.021. All interested persons may participate in the Hearing by (i) calling 1 (844) 621-3956, entering Access Code 160 490 8938 and pressing 3 if they wish to speak, or (ii) visiting: <http://dulutheda.org/live-meeting> promptly at 5:15 p.m. on Wednesday, May 26, 2021. Written comments may be submitted to DEDA via its website at <http://dulutheda.org/contact-us/> or via email at cfleege@duluthmn.gov, in advance of the Hearing.

The proposed plan of finance is for DEDA to issue revenue obligations (the "Obligations") in an aggregate principal amount not to exceed \$150,000,000 in one or more series, whether taxable or tax exempt, under Minnesota Statutes, Chapter 462C and Sections 469.152 through 469.165, as amended, to finance and refinance projects owned, operated and managed by Benedictine Health System d/b/a Benedictine, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and its affiliates, including without limitation: Benedictine Care Centers; Bridges Care Center; Benedictine Health Center; City of Lakes Care Center; Koda Living Community f/k/a Steele County Communities for a Lifetime, Inc.; Madonna Meadows of Rochester; Madonna Summit of Byron, LLC f/k/a Living Services Foundation/Byron, LLC; Madonna Towers of Rochester, Inc.; Regina Senior Living; Saint Anne of Winona; St. Gertrude's Health Center; Steeple Pointe Senior Living Community; and Villa St. Vincent (together, the "Borrower"). The Obligations will be "qualified 501(c)(3) bonds" under the Code. The obligations of the Borrower will be secured by a Master Note issued by Benedictine under a Master Trust Indenture between Benedictine as obligated group agent and U.S. Bank National Association as master trustee, on behalf of an obligated group consisting of Benedictine Care Centers, Benedictine Health Center, Benedictine Living Communities, Inc., Benedictine Living Community of Wahpeton, Benedictine Living Community of Wahpeton, LLC, Bridges Care Center, City of Lakes Care Center, Ellendale Evergreen Place, Inc., Koda Living Community, Madonna Meadows of Rochester, Madonna Summit of Byron, LLC, Madonna Towers of Rochester, Inc., Regina Senior Living, Saint Anne of Winona, St. Gertrude's Health Center, Steeple Pointe Senior Living Community, and Villa St. Vincent and other members that may be added to the Obligated Group in the future, if approved by Benedictine, as obligated group agent.

Proceeds of the Obligations are expected to be used to refinance the following tax-exempt debt obligations (collectively, the "Refunded Obligations") in the approximate outstanding principal

amounts shown below, issued for the benefit of the Borrower, the proceeds of which were used to finance, refinance and reimburse the costs of constructing, improving, renovating, furnishing and equipping senior housing and health care facilities, at the locations indicated below:

- (1) \$2,500,000 Port Authority of Winona, Minnesota Housing Revenue Refunding Note, Series 2004 (Saint Anne of Winona Project), for facilities of Benedictine Living Community Winona located at 1347 West Broadway, Winona, Minnesota ("BLC-Winona");
- (2) \$1,800,000 Port Authority of Winona, Minnesota Housing Facility Revenue Note, Series 2010 (Saint Anne of Winona Project), for facilities at BLC-Winona;
- (3) \$2,300,000 City of Ada, Minnesota Multifamily Housing Development Revenue Note, Series 2012A (Bridges Care Center Project), for facilities at Benedictine Living Community – Ada located at 201 Ninth Street West, Ada, Minnesota;
- (4) \$11,600,000 City of Shakopee, Minnesota Health Care and Housing Facilities Revenue Refunding Notes (Benedictine Health System Obligated Group) Series 2013A and Series 2013B, for facilities of: (A) Benedictine Living Community – Osseo located at 625 Central Avenue, Osseo, Minnesota ("BLC-Osseo"); (B) Benedictine Living Community – St. Gertrude's located at 1850 Sarazin Street, Shakopee, Minnesota ("BLC-St. Gertrude") (C) Benedictine Living Community - Minneapolis located at 618 East 17th Street, Minneapolis, Minnesota ("BLC-Minneapolis");
- (5) \$4,200,000 DEDA Health Care Facilities Revenue Note, Series 2013 (Benedictine Health Center Project), for facilities at Benedictine Living Community – Duluth located at 925 Kenwood Avenue, Duluth, Minnesota ("BLC-Duluth");
- (6) \$3,450,000 DEDA Health Care Facilities Revenue Note, Series 2014 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (7) \$4,200,000 Housing and Redevelopment Authority of Duluth, Minnesota ("HRA-Duluth") Health Care Facilities Revenue Note, Series 2013 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (8) \$3,450,000 HRA-Duluth Health Care Facilities Revenue Note, Series 2014 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (9) \$6,000,000 HRA-Duluth Health Care Facilities Revenue Refunding Note, Series 2017 (Benedictine Health Center Project), for facilities at BLC-Duluth;
- (10) \$3,850,000 City of St. Paul Park, Minnesota Healthcare Facilities Revenue Bonds (Regina Senior Living Project) Series 2013, for facilities at Benedictine Living Community – Regina located at 1175 Nininger Road, Hastings, Minnesota ("BLC-Regina");
- (11) \$4,500,000 City of Crookston, Minnesota Health Care Revenue Refunding Note, Series 2013A (Villa St. Vincent Project), for facilities at Benedictine Living Community – Crookston located at 516 Walsh Street, Crookston, Minnesota ("BLC-Crookston");

- (12) \$7,200,000 City of Byron, Minnesota Amended and Restated Senior Housing Facility Revenue Notes (Living Services Foundation/Byron Project) Series 2014A, for facilities at Benedictine Living Community - Byron located at 551 Byron Main Court NE, Byron, Minnesota ("BLC-Byron");
- (13) \$1,600,000 City of Byron, Minnesota Amended and Restated Subordinate Senior Housing Facility Revenue Bonds (Living Services Foundation/Byron Project) Series 2014B, for facilities at BLC-Byron;
- (14) \$6,500,000 City of Preston, Minnesota Healthcare Facilities Revenue Note, Series 2015 (Madonna Living Community of Rochester), for facilities of: (A) Benedictine Madonna Meadows located at 3035 Salem Meadows Drive SW, Rochester, Minnesota ("Madonna Meadows"); and (B) Benedictine Madonna Towers located at 4001 19th Avenue NW, Rochester, Minnesota ("Madonna Towers");
- (15) \$6,500,000 City of Spring Valley, Minnesota Healthcare Facilities Revenue Note, Series 2015 (Madonna Living Community of Rochester), for facilities of: (A) Madonna Meadows; and (B) Madonna Towers;
- (16) \$8,600,000 City of Lauderdale, Minnesota Health Care Facilities Revenue Refunding Note (Benedictine Health System Obligated Group) Series 2016A, for facilities of: (A) Benedictine Living Community – Red Wing located at 135 – 213 Pioneer Road, Red Wing, Minnesota ("BLC–Red Wing"); and (B) Benedictine Living Community – New Brighton located at 1101 Black Oak Drive, New Brighton, Minnesota ("BLC-New Brighton");
- (17) \$9,000,000 Goodhue County, Minnesota Health Care Facilities Revenue Note (Benedictine Health System Obligated Group) Series 2016B, for facilities at BLC–Red Wing;
- (18) \$4,300,000 City of Owatonna, Minnesota Nursing Facility Revenue Refunding Note (Steele County Communities for a Lifetime Koda Living Community Project), Series 2017, for facilities of Benedictine Living Community – Owatonna located at 2255 30th Street NW, Owatonna, Minnesota ("BLC-Owatonna"); and
- (19) \$8,600,000 Steele County, Minnesota Nursing Facility Revenue Refunding Note Steele County Communities for a Lifetime Koda Living Community Project), Series 2017, for facilities at BLC–Owatonna.

Portions of the projects financed or refinanced in whole or in part with proceeds of the Refunded Obligations are "housing programs" under Minnesota Statutes, Chapter 462C.

In addition, approximately \$12,400,000 of the proceeds of the Obligations are expected to be used to finance, refinance and reimburse all or a portion of the costs for the constructing, improving, renovating, furnishing and equipping senior housing, other than independent living facilities, and related health care facilities in the approximate principal amounts at the locations indicated below: \$5,500,000 at BLC-New Brighton; \$300,000 at BLC-Red Wing; \$600,000 at BLC-Duluth; \$1,000,000 at BLC-Minneapolis; \$300,000 at BLC-Owatonna; \$200,000 at Madonna Meadows; \$600,000 at Madonna Towers; \$200,000 at BLC-Byron; \$1,000,000 at BLC-Regina;

\$600,000 at BLC-Winona; \$800,000 at BLC-St. Gertrude; \$300,000 at BLC-Osseo; and \$1,000,000 at BLC-Crookston.

The Borrower, at its discretion, may allocate up to the entire maximum principal amount of the Obligations to any of the above described projects to finance, refinance or reimburse all, a part, or none of the improvements at each location.

The Obligations and the interest thereon will be limited obligations of DEDA. The Obligations and the interest thereon will be payable solely from the revenue pledged to the payment thereof and other forms of security to be provided by or on behalf of the Borrower. Notwithstanding the foregoing, no holders of any of the Obligations will ever have the right to compel any exercise of the taxing powers of the State of Minnesota or any political subdivision thereof to pay the Obligations or the interest thereon or to enforce payment against any property of the State of Minnesota or any political subdivision thereof.

A draft copy of the proposed Application to the Minnesota Department of Employment and Economic Development for approval of the projects, together with all attachments and exhibits thereto, is available for public inspection on DEDA's website at <http://www.dulutheda.org>.

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[Benedictine Health System, d/b/a Benedictine Stationery]

_____, 2021

President and Board of Commissioners
Duluth Economic Development Authority
411 West First Street, Room 402
Duluth, MN 55802

**Re: *Duluth Economic Development Authority
Revenue Bonds (Benedictine Health System), Series 2021***

Dear President and Board of Commissioners:

Benedictine Health System, d/b/a Benedictine, is a Minnesota nonprofit corporation (the "Obligor") and will be obligated to repay the above-referenced obligations (the "Obligations"). We have been informed that Minnesota Statutes, Section 469.154, subdivision 7 (the "Act"), encourages beneficiaries of financing mechanisms such as the Obligations to target employment opportunities to qualified individuals who are unemployed or economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, Statutes at Large, volume 96, page 1322.

The Obligor plans to implement one or more of the following specific steps to meet the requirements of the Act:

- utilize a Minnesota Workforce Centers to recruit and place disadvantaged individuals;
- utilize, where possible, vendors identified by the Office of State Procurement as a Targeted Group/Economically Disadvantaged/Veteran Owned (TG/ED/VO); and
- work to identify and establish relationships with local service agencies to promote hiring of economically disadvantaged or unemployed individuals.

The Obligor understands that indication of its plan for targeting employment opportunities to qualified individuals who are unemployed or economically disadvantaged as described above is a condition to approval by the Department of Employment and Economic Development ("DEED") of financing the proposed project. We have been informed that the approval of DEED is required by Minnesota Statutes, Section 469.154, subdivision 3.

It further is the plan of the Obligor to provide the reports to DEED required by the Act or other laws of the State of Minnesota.

BENEDICTINE HEALTH SYSTEM

By _____