

RESOLUTION #22-78

AUTHORIZING AN ALTERNATE INTEREST RATE INDEX TO REPLACE A LIBOR BASED INTEREST RATE INDEX FOR A CONDUIT REVENUE OBLIGATION PREVIOUSLY ISSUED BY THE CITY OF PRINCETON, MINNESOTA.

WHEREAS, the City of Princeton, Minnesota (the “Issuer”) previously issued its conduit revenue Nursing Home Amended Revenue Note (Elim Homes, Inc. Project), Series 2013 (the “Note”), dated November 26, 2013, and loaned the proceeds thereof to Elim Homes, Inc. (the “Borrower”) in order to finance costs of the project owned by the Borrower; and

WHEREAS, Bremer Bank, National Association (the “Lender”), is the 100% holder of the Note and has been the holder of the Note since its date of original issue; and

WHEREAS, the interest rate on the Note is subject to adjustment on certain dates in the future and currently utilizes an index that is based on transactions using the London Interbank Offered Rate (LIBOR) administered by the ICE Benchmark Administration (“IBA”); and

WHEREAS, in November 2020, the IBA announced that it will cease publication of US Dollar denominated LIBOR settings on June 30, 2023; and

WHEREAS, the Lender and the Borrower have agreed upon a new index and appropriate spread to replace the LIBOR-based index currently utilized for the Note in order to approximate (be reasonably equivalent to) the current terms of the Note as closely as possible; and

WHEREAS, in order to amend the Note to account for the LIBOR phase-out and the associated loan documents, as necessary, the Issuer must approve such change; and

WHEREAS, the Borrower and the Lender have requested that the Issuer approve the required changes to the Note and the associated loan documents that are necessary as a result of the phase-out of LIBOR and the Borrower and the Lender have represented that (i) they are not changing any other terms of the Note, and (ii) an amendment to designate an alternate interest rate index is required to evidence such required changes; and

WHEREAS, the Borrower and the Lender have provided to the Issuer the following documents:

- (i) a memorandum from Ballard Spahr LLP, bond counsel, regarding the proposed amendments to the Note; and
- (ii) a draft form of an Allonge to Promissory Note (the “Allonge”) between the Issuer, the Borrower and the Lender which amends the Note; and

WHEREAS, the Allonge, the Note, and any documents required by the Borrower, the Lender, or Ballard Spahr LLP as bond counsel in connection with the amendments described above are hereinafter referred to as the “Amendment Documents”; and

WHEREAS, the Note at all times shall continue to be a special, limited obligation of the Issuer payable solely from the revenues of the Borrower and the full, faith and credit and the taxing power of the Issuer are not and shall not be pledged to the repayment of the Note; and

WHEREAS, in connection with the amendments, Ballard Spahr LLP will deliver a bond counsel opinion letter that the execution and delivery of the Allonge will not, in and of itself, adversely affect the exclusion of interest on the Note from gross income for federal income tax purposes.

Now, Therefore, Be It Resolved by the City Council:

1. The forms of the Amendment Documents are hereby approved in substantially the form on file with the Issuer with such appropriate variations, omissions and insertions as are necessary and appropriate.
2. The Amendment Documents to which the Issuer is a party shall be executed on behalf of the Issuer by the signatures of its Mayor and City Administrator, or their proper designees (collectively, the "Issuer Officials"). In case any officer whose signature shall appear on the Amendment Documents shall cease to be such officer before the delivery of the Amendment Documents, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. In the event of the absence or inability of any of the Issuer Officials, any such officer(s) of the Issuer may act in their behalf without further act or authorization of this governing body.
3. The Borrower shall be the party responsible for paying all of the costs associated with the execution and delivery of the Amendment Documents.
4. All other actions of the Issuer previously authorizing the issuance of the Note shall continue to be in full force and effect.
5. This resolution shall be in full force and effect from and after its passage.

ADOPTED this 8th day of December, 2022.

Thom Walker, Mayor

ATTEST:

Shawna Jenkins Tadych, City Clerk