



**Economic Development Authority Meeting Agenda
June 28, 2023 | 7:05 p.m.
Council Chambers, Woodbury City Hall**

This Economic Development Authority meeting is taking place virtually and at the Woodbury City Hall in the Council Chambers.

Members of the public may attend the meeting in person and may also join the meeting using a computer, tablet, or smartphone and accessing the virtual meeting link at woodburymn.gov/VirtualMeetings.

[Watch the Live Meeting](#)

Public comments will be accepted during the meeting both in person and virtually. Virtual questions should be submitted via the online Q&A feature within the virtual meeting link.

Questions regarding the meeting will also be taken between the hours of 8:00 a.m. to 4:30 p.m. at 651-714-3524 or at council@woodburymn.gov. Questions received after 4:30 p.m. will be responded to in the next three to seven business days.

Please note that all agenda times are estimates.

- 7:05 p.m. 1. Call to Order
- 7:06 p.m. 2. Roll Call
- 7:07 p.m. 3. Consent Agenda

All items listed under the consent agenda are considered to be routine by the HRA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

- A. Approval of Minutes – January 25, 2023 EDA Meeting
- B. Approval of 2022 Year-End EDA Financial Statements 23-03

Staff recommends the EDA adopt a motion approving the EDA’s 2022 Year-End Financial Statements.

- C. Approval of Amendments to the Woodbury EDA’s Series 2016B Note, Issued for the Benefit of St. Therese Redwoods, LLC 23-04

Staff recommends that the EDA adopt EDA Resolution 23-02 memorializing the proposed amendment to the Series 2016B Note.

- 7:10 p.m. 6. Adjournment

The City of Woodbury EDA is subject to Title II of the Americans with Disabilities Act which prohibits discrimination on the basis of disability by public entities. The EDA is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provision of the Americans with Disabilities Act is available from the Executive Director’s office at 651-714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, Clinton P. Gridley at 651-714-3523 (TDD 651-714-3568) to make arrangements.

MINUTES

WOODBURY ECONOMIC DEVELOPMENT AUTHORITY

Wednesday, January 25, 2023

3A

Pursuant to the due call and notice thereof, a regular meeting was duly held at the Woodbury City Hall, 8301 Valley Creek Road, on the 25th day of January 2023.

Call to Order

President Anne Burt called the meeting to order at 8:03 p.m.

President Burt welcomed those listening and attending. She said members of the public may attend the meeting but will be required to comply with social distancing parameters as determined by the City. Members of the public may also join the meeting using a PC, Mac, iPad, iPhone or Android device. Public comments will be accepted during the meeting both in person and by using the link to the virtual meeting to join the meeting and then submit your questions via the online Q&A feature within the meeting. Questions regarding the meeting will also be taken between the hours of 8:00 a.m. to 4:30 p.m. via email council@woodburymn.gov or call 651-714-3524 and leaving a voicemail message.

Roll Call

Upon roll call the following were present: President Anne Burt, Kim Wilson, Steve Morris, Jennifer Santini. Absent: Andrea Date

Others Present: Janelle Schmitz, EDA Secretary; Kevin Sandstrom, City Attorney; and Clinton Gridley, Executive Director.

Consent Agenda

All items listed under the consent agenda are considered to be routine by the EDA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

Item A To adopt the following resolution

EDA Resolution 23-01

Resolution of the Economic Development Authority of the City of Woodbury, Washington County, Minnesota appointing the 2023 EDA officers.

Item B Approval of Minutes – December 14, 2022 EDA Meeting

Item C To adopt a motion designating CorTrust Bank as the EDA's depository of public funds for the year 2023.

Member Morris moved, seconded by Member Santini, to approve the Consent Agenda items.

Voting via voice:

Kim Wilson – aye
Andrea Date – absent
Steve Morris – aye
Jennifer Santini - aye
Anne Burt – aye

Public Hearings

No items scheduled

Discussion

No items scheduled

MINUTES

WOODBURY ECONOMIC DEVELOPMENT AUTHORITY

Wednesday, January 25, 2023

Adjournment

President Burt moved, seconded by Member Morris, to adjourn the January 25, 2023 Economic Development Authority meeting.

Voting in Favor: Wilson, Morris, Santini, Burt
Absent: Date

President Burt adjourned the meeting at 8:04 p.m.

Anne W. Burt, President

Approved by the Woodbury Economic Development Authority on June 28, 2023.

DRAFT

**City of Woodbury, Minnesota
Office of the EDA Executive Director**

EDA Letter 23-03

June 28, 2023

To: The Honorable President and Commissioners of the EDA
From: Clinton P. Gridley, EDA Executive Director
Subject: Approval of 2022 Year-End EDA Financial Statements

Summary

The final audited year-end financial statements of the Woodbury Economic Development Authority (EDA) dated December 31, 2022 are attached for the review of the EDA Board of Commissioners. Staff has no findings, concerns or reservations regarding the statements.

Recommendation

Staff recommends that the EDA approve via motion the attached final audited year-end financial statements of the EDA dated December 31, 2022.

Fiscal Implications

This item has no impact upon the EDA Budget.

Policy

Section 4.1 of the EDA By-Laws requires that “the Authority shall periodically examine the statement, together with the treasurer’s vouchers. If the Authority finds that the statement and vouchers are correct, it shall approve them.” The proposed action complies with this section of the By-Laws.

Public Process

This is the first public process for this item.

Background

Not applicable.

Written By: Jamie Fritts, Housing and Economic Development Coordinator
Approved Through: Janelle Schmitz, EDA Secretary
 Jason Schirmacher, EDA Assistant Treasurer
Attachments: 2022 Year-End EDA Financial Statements

**ECONOMIC DEVELOPMENT AUTHORITY
BALANCE SHEET
December 31, 2022**

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Increase (Decrease)</u>
ASSETS			
Cash and Investments	\$ 1,009,358	\$ 1,087,474	\$ (78,116)
Accounts Receivable	437	-	437
Prepaid Items	-	600	(600)
Internal Loan Receivable (TIF #15)	-	1,964	(1,964)
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,009,795</u>	<u>\$ 1,090,038</u>	<u>\$ (80,243)</u>
LIABILITIES			
Accounts payable	\$ 51	\$ 2,591	\$ (2,540)
Total Liabilities	<u>51</u>	<u>2,591</u>	<u>(2,540)</u>
FUND BALANCE			
Nonspendable:			
Prepaid Items	-	600	(600)
Committed:			
Use of Fund Balance for EDA Budget	69,200	96,109	(26,909)
Available for EDA Activities	940,544	990,738	(50,194)
Total Fund Balance	<u>1,009,744</u>	<u>1,087,447</u>	<u>(77,703)</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 1,009,795</u>	<u>\$ 1,090,038</u>	<u>\$ (80,243)</u>

ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Period Ending December 31, 2022

	<u>Budget</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>2022 Comparison to Budget</u>
Revenues:				
Investment Income	\$ 10,500	\$ (58,909)	\$ (9,738)	\$ (69,409)
LMCIT Dividends	100	240	371	140
Intergovernmental Revenue	8,991	4,649	11,010	(4,342)
Total Revenues	<u>19,591</u>	<u>(54,020)</u>	<u>1,643</u>	<u>(73,611)</u>
Expenditures:				
Consultants/Project Implementation	87,100	15,915	53,680	(71,185)
Attorney	700	215	1,217	(485)
Audit	500	500	500	-
Postage	200	1	-	(199)
Marketing	25,000	4,696	3,034	(20,304)
Use of Personal Auto	-	-	11	-
Insurance	900	900	900	-
Dues/Subscriptions/Licenses	1,300	1,410	1,285	110
Travel & Training	-	46	15	46
Total Expenditures	<u>115,700</u>	<u>23,683</u>	<u>60,642</u>	<u>(92,017)</u>
Net increase(decrease) in fund balance	(96,109)	(77,703)	(58,999)	18,406
Fund Balance - January 1	<u>1,087,447</u>	<u>1,087,447</u>	<u>1,146,446</u>	
Fund Balance - December 31	<u>\$ 991,338</u>	<u>\$ 1,009,744</u>	<u>\$ 1,087,447</u>	

**City of Woodbury, Minnesota
Office of the EDA Executive Director**

EDA Letter 23-04

June 28, 2023

To: The Honorable Chair and Commissioners of the EDA

From: Clinton P. Gridley, EDA Executive Director

**Subject: Approval of Amendments to the Woodbury EDA's Series 2016A Note,
Issued for the Benefit of St. Therese Redwoods, LLC**

Summary

On June 30, 2016, the Woodbury EDA issued the Series 2016A tax-exempt conduit revenue obligation note to benefit St. Therese Redwood, LLC, the borrower. The EDA loaned the proceeds of the Series 2016A Note to the borrower pursuant a loan agreement dated June 27, 2016. Bremer Bank, National Association, the lender, purchased the Series 2016A Note pursuant to the terms of a note purchase agreement, dated June 9, 2016, between Bremer Bank, St. Therese Redwoods, LLC, and the EDA. Pursuant to the term of the note, the interest rate on the note is adjustable on certain dates at rates determined by Bremer Bank using the London Interbank Offered Rate "LIBOR" benchmark. The use of LIBOR is currently being phased out and will no longer be available as of June 30, 2023.

As a result, Bremer Bank has informed the EDA and St. Therese Redwood, LLC, that effective July 1, 2023, interest on the note from July 15, 2023, until June 14, 2026, will be calculated using a rate that references the Fallback Rate (SOFR) as defined in the attached allonge to the note. After June 15, 2026, interest on the note will be calculated using the five-year Treasury Constant Maturity. Such changes must be reflected in the note, which requires the proposed resolution be approved by the Woodbury EDA and its commissioners. The amendment to the note is not considered a new issuance of debt and does not require a City Council resolution. Kennedy and Graven, Bond Counsel for the City, prepared the resolution and the allonge to the Series 2016A Note.

Recommendation

Staff recommends that the EDA adopt EDA Resolution 23-02 memorializing the proposed amendment to the Series 2016A Note.

Fiscal Implications

This item has no impact upon the EDA Fund Budget. Any actual costs incurred by the EDA or the City, including legal fees, will be paid by St. Therese Redwood, LLC or Bremer Bank, National Association.

Policy

Section 4.4. of EDA By-Laws “All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by the President and/or the Executive Director or by such other Commissioners or officers of the Authority as the Board may by resolution prescribe.”

Public Process

This is the only required public process for this item.

Background

The Woodbury EDA issued tax-exempt conduit revenue bonds on June 30, 2016 for the benefit of St. Therese Redwoods, LLC. The Series 2016A Note was issued as a Senior Housing Revenue Note with an original aggregate principal amount of \$10,000,000.00. The EDA loaned the proceeds of the Series 2016A Note to the borrower pursuant to a loan agreement dated June 27, 2016, between the EDA and the borrower. The borrower applied the proceeds of the note for financing the acquisition of and construction on land located at 4200 Benjamin Drive in the City of Woodbury of a 64-unit rental housing development for seniors.

Written By:	Jamie Fritts, Housing and Economic Development Coordinator
Approved Through:	Janelle Schmitz, EDA Clerk
Attachment:	<ol style="list-style-type: none">1. Resolution2. Bond Council Letter to City Staff3. Notice of Interest Rate Change4. Allonge to Series 2016A Note

EDA Resolution 23-02

Resolution of the Board of Commissioners of the Economic Development Authority in and for the City of Woodbury, Washington County, Minnesota

Approving an amendment to the Senior Housing Revenue Note (St. Therese Redwoods, LLC Project), Series 2016A, and authorizing the execution and delivery of an allonge to the note.

WHEREAS, on June 30, 2016, pursuant to Resolution No. 16-03 adopted by the Board of Commissioners of the City of Woodbury Economic Development Authority, Minnesota (the “Woodbury EDA” or “EDA”) on June 8, 2016 (the “Note Resolution”), the EDA issued its Senior Housing Revenue Note (St. Therese Redwoods, LLC Project), Series 2016A (the “Note”), in the original aggregate principal amount of \$10,000,000; and

WHEREAS, the EDA loaned the proceeds of the Note to St. Therese Redwoods, LLC, a Minnesota limited liability company (the “Borrower”), pursuant to a Loan Agreement, dated June 27, 2016 (the “Loan Agreement”), between the EDA and the Borrower applied such proceeds to the following purposes: (i) financing the acquisition of and construction on land located at 4200 Benjamin Drive in the City of Woodbury of a 64-unit, independent-living, rental housing development for seniors (the “Project”); (ii) payment of a portion of the interest on the Note during construction of the Project; and (iii) and payment of a portion of the costs of issuing the Note; and

WHEREAS, Bremer Bank, National Association, a national banking association (the “Lender”), purchased the Note from the EDA pursuant to the terms of a Note Purchase Agreement, dated June 9, 2016, between the Lender, the Borrower, and the EDA; and

WHEREAS, pursuant to the terms of the Note, the interest rate on the Note is adjustable on certain dates at rates determined by the Lender using benchmark rates based on the London Interbank Offered Rate (“LIBOR”), including the 1-month LIBOR RATE and the Five-Year LIBOR Swap Rate (each, as defined in the Note); and

WHEREAS, the use of LIBOR is currently being phased out and will no longer be available after June 30, 2023; and

WHEREAS, the Lender has informed the EDA and the Borrower that effective July 1, 2023: (i) interest on the Note from July 15, 2023 until June 14, 2026, will be calculated using a rate that initially references the Fallback Rate (SOFR) (as defined in the Allonge hereinafter described), with a fallback replacement rate to be determined by the Lender in the unlikely event that the Fallback Rate (SOFR) is discontinued, and (ii) interest on the Note from and after June 15, 2026, will be calculated using the 5 year Treasury Constant Maturity (as defined in the Allonge), and such changes (collectively, the “Amendment”) must be reflected in the Note; and

WHEREAS, Kennedy & Graven, Chartered, as bond counsel to the Woodbury EDA, has represented that neither proposed Amendment to the Note will be considered a significant modification of the Note and will not result in a reissuance of the Note for tax purposes pursuant to Section 1.1001-3 of the Treasury Regulations promulgated under the

Internal Revenue Code of 1986, as amended, as the applicable rates have been replaced with qualified rates described in Section 1.1001-6(h)(3)(ii) of the Treasury Regulations; and

WHEREAS, there has been presented before the Board of Commissioners a form of Allonge to the Note, which incorporates the proposed Amendment to the Note.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority in and for the City of Woodbury, Washington County, Minnesota to approve the following amendment to the Series 2016A Note and the execution and delivery of an allonge to the note:

1. The Board of Commissioners hereby consents to, approves, authorizes, and directs the execution of the Allonge to the Note by the President and the Executive Director, substantially in the form on file with the EDA on the date hereof, which is hereby approved, with such changes as shall be approved by the President and the Executive Director; provided that the execution thereof by the President and the Executive Director shall be conclusive evidence of such approval.
2. As provided in the Loan Agreement and the Note Resolution, the Note shall not be payable from nor charged upon any funds other than the revenues pledged to their payment, nor shall the EDA be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Note shall ever have the right to compel any exercise by the EDA of its taxing powers to pay any of the Note or the interest or premium thereon, or to enforce payment thereof against any property of the EDA except the interests of the EDA in the Loan Agreement and the revenues and assets thereunder, which have been assigned to the Lender. The Note shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the EDA, except the interests of the EDA in the Loan Agreement, and the revenues and assets thereunder, which have been assigned to the Lender.
3. The President and/or the Executive Director are authorized and directed to execute and deliver any additional documents or certificates deemed necessary to carry out the transactions described in the Allonge to the Note and the intention of this resolution.
4. This resolution shall be in full force and effect from and after its passage.

This Resolution was declared duly passed and adopted and was signed by the President and attested to by the Executive Director this 28th day of June, 2023.

Attest:

Anne W. Burt, President

Clinton P. Gridley, Executive Director



Offices in
 Minneapolis
 St. Cloud
 Fifth Street Towers
 150 South Fifth Street, Suite 700
 Minneapolis, MN 55402
 (612) 337-9300 telephone
 (612) 337-9310 fax
 kennedy-graven.com
 Affirmative Action, Equal Opportunity Employer

SOFIA E. LYKKE
 Attorney at Law
 Direct Dial: (612) 337-9283
 Email: slykke@kennedy-graven.com

Monday, June 5, 2023

Jamie Fritts
 Housing and Economic Development Coordinator
 City of Woodbury
 8301 Valley Creek Road
 Woodbury, MN 55125

VIA EMAIL

Re: Resolutions relating to the approval of amendments to the EDA’s Series 2016A Note and the HRA’s Series 2016B, each issued for the benefit of St. Therese Redwoods, LLC

Dear Jamie:

I write regarding certain outstanding tax-exempt conduit revenue obligations, each issued on June 30, 2016, by the City of Woodbury Economic Development Authority, Minnesota (the “Woodbury EDA” or “EDA”) and the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota (the “Woodbury HRA” or “HRA”), including: (i) the Senior Housing Revenue Note (St. Therese Redwoods, LLC Project), Series 2016A (the “Series 2016A Note”), issued by the EDA in the original aggregate principal amount of \$10,000,000; and (ii) the Senior Housing Revenue Note (St. Therese Redwoods, LLC Project), Series 2016B (the “Series 2016B Note”), issued by the HRA in the original aggregate principal amount of \$6,687,500. The interest rates on the Series 2016A Note and Series 2016B Note (together, the “Notes”) are proposed to be modified, and such modifications require the issuers’ approvals.

Bremer Bank, National Association, a national banking association (the “Lender”), purchased the Series 2016A Note pursuant to the terms of a Note Purchase Agreement, dated June 9, 2016, between the Lender, St. Therese Redwoods, LLC, a Minnesota limited liability company (the “Borrower”), and the EDA. The Lender purchased the Series 2016B Note pursuant to the terms of a Note Purchase Agreement, dated June 27, 2016, between the Lender, the Borrower, and the HRA.

The EDA loaned the proceeds of the 2016A Note to the Borrower pursuant to a Loan Agreement, dated June 27, 2016 (the “Woodbury EDA Loan Agreement”), between the EDA and the Borrower. The HRA loaned the proceeds of the 2016B Note to the Borrower pursuant to a Loan Agreement, dated June 27, 2016 (the “Woodbury HRA Loan Agreement”), between the HRA and the Borrower.

The Borrower applied the proceeds of the Notes to the following purposes: (i) financing the acquisition of and construction on land located at 4200 Benjamin Drive in the City of Woodbury of a 64-unit, independent-living, rental housing development for seniors (the “Project”); (ii) payment of a portion of the interest on the Notes during construction of the Project; and (iii) and payment of a portion of the costs of issuing the Notes.

Pursuant to the terms of the Notes, the interest rate on the Notes is adjustable on certain dates at rates determined by the Lender using benchmark rates based on the London Interbank Offered Rate (“LIBOR”). The use of LIBOR, however, is currently being phased out and will no longer be available after June 30, 2023. As a result, the Lender has informed the EDA and the HRA, as well as the Borrower, that effective July 1, 2023: (i) interest on the respective Note from July 15, 2023 until June 14, 2026, will be calculated using a rate that initially references the Fallback Rate (SOFR) (as defined in the Allonge hereinafter described), with a fallback replacement rate to be determined by the Lender in the unlikely event that the Fallback Rate (SOFR) is discontinued, and (ii) interest on the respective Note from and after June 15, 2026, will be calculated using the 5 year Treasury Constant Maturity (as defined in the Allonge), and such changes (collectively, the “Amendment”) must be reflected in the Notes.

The Lender and the Borrower would like the EDA and HRA to consider the enclosed respective resolutions at the upcoming EDA and HRA Board of Commissioners meetings on June 14, 2023, each of which resolutions approve the Amendment to each of the Notes. To memorialize the Amendment, the EDA and the HRA will be asked to execute an Allonge to its respective Note.

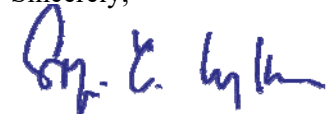
Kennedy & Graven, Chartered, as bond counsel to the EDA, the HRA, and the City of Woodbury, Minnesota (the “City”) with respect to the issuance of the Notes, has determined that neither proposed Amendment to the Notes will be considered a significant modification of the Notes and will not result in a reissuance of the Notes for tax purposes pursuant to Section 1.1001-3 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended, as the applicable rates have been replaced with qualified rates described in Section 1.1001-6(h)(3)(ii) of the Treasury Regulations.

The Notes will continue to constitute special, limited obligations of the EDA and HRA respectively, will continue to be payable and secured solely by the revenues derived from the Woodbury EDA Loan Agreement and the Woodbury HRA Loan Agreement (collectively, the “Loan Agreements”), respectively, including the Project, and from other security provided by the Borrower. The Notes will not constitute a general or moral obligation of the EDA or the HRA, respectively, or the City and will not be secured by or payable from any property or assets of the EDA or the HRA, respectively, or of the City (other than the respective interests of the EDA and HRA in the Loan Agreements) and will not be secured by any taxing power of the EDA or the HRA, respectively, or of the City. The Notes will not be subject to any debt limitation imposed on the EDA, the HRA, or the City. The Notes were designated upon issuance as “bank-qualified” obligations, and each of the Notes will continue to be treated as “bank qualified” after the Amendment to the Notes. The Amendment to the Notes will not impact the EDA’s, HRA’s, or the City’s ability to issue “bank-qualified” bonds in calendar year 2023.

The Amendment to the Notes will not be considered a new issuance of debt by the EDA or the HRA. Under the terms of the Loan Agreements, the EDA and HRA each collected an administrative fee of one percent (1.00%) of the principal amount of their respective Note (\$100,000 with respect to the Series 2016A Note and \$66,875 with respect to the Series 2016B Note) on the closing date of the Notes. While neither the EDA nor the HRA will collect any additional administrative fee in connection with the Amendment to the Notes, any actual costs incurred by the EDA, the HRA or the City, including legal fees, will be paid by the Borrower or Lender.

Please contact me with any questions on the foregoing.

Sincerely,



Sofia E. Lykke

NOTICE OF INTEREST RATE CHANGE

June 5, 2023

St. Therese Redwoods, LLC
1660 South Highway 100, Ste. 103
St. Louis Park, MN 55416
Attn: Chief Financial Officer

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299

City of Woodbury Economic
Development Authority, MN
8301 Valley Creek Road
Woodbury, MN 55125
Attn: Executive Director

Mark S. Larson, Esq.
Messerli & Kramer, P.A.
1500 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402

Re: City of Woodbury Economic Development Authority, Minnesota Senior Housing Revenue Note (St. Therese Redwoods, LLC Project), Series 2016A issued to Bremer Bank, National Association (“Lender”) in the original principal amount of \$10,000,000.00 (the “Note”)

Ladies and Gentlemen:

As you are aware, the interest rate for the Note is based on the 1 month LIBOR Rate and the Five-Year LIBOR Swap Rate (each, as defined in the Note). The 1 month LIBOR Rate and the Five-Year LIBOR Swap Rate will no longer be available after June 30, 2023. The terms of the Note with respect to the monthly resetting of the interest rate provide, in part, as follows:

“If the [1 month Index][5-Year Index] becomes unavailable during the term of this loan, the Lender may designate a substitute.”

The Lender hereby notifies you effective July 1, 2023, the 1 month LIBOR Rate shall be replaced with the Benchmark, which is initially Fallback Rate (SOFR), as those terms are defined in the Allonge to the Note included with this Notice, such that following such effective date and until June 14, 2026, the Note will accrue interest at a rate per annum equal to (a) the sum of (i) 2.25% and (ii) the Benchmark, (b) multiplied by 0.67. This is a rate that is comparable to the rate calculated under the Note referencing the 1 month LIBOR Rate.

The Lender hereby notifies you that effective July 1, 2023, the Five-Year LIBOR Swap Rate shall be replaced with the 5 Year Treasury Constant Maturity Rate, which is an interest rate subject to change from time to time based on changes in an independent index which is the business day rate on the U.S. Treasury securities adjusted to a constant maturity of 5 years as is published in the Federal Reserve Statistical Release and Historical Data. This rate with corresponding adjustments to the applicable interest rate spreads are comparable to the Five-Year LIBOR Swap Rate under the Note.

Enclosed herewith is an Allonge to the Note which evidence the new replacement index rates for the Note. Terms not defined herein are defined in the Allonge to Note. We request that the City of Woodbury Economic Development Authority, Minnesota, as issuer of the Note, and St. Therese Redwoods, LLC, as the Borrower, upon approval respectively, execute the enclosed Allonge to Note and return it to the undersigned at the following address:

Bremer Bank, National Association
225 South Sixth Street, Suite 300
Minneapolis, MN 55402
Attn: Jenny Blake

We also request that bond counsel provide an update to its opinion confirming the execution and delivery of the Allonge to Note will not adversely affect the tax-exempt status of the Note.

Bremer Bank, National Association

By: 
Its: Vice President

/enclosure

ALLONGE TO SERIES 2016A NOTE

This Allonge to Series 2016A Note is dated and effective as of _____, 2023 (the "Effective Date"), and is attached to and made a part of that certain City of Woodbury Economic Development Authority, Minnesota Senior Housing Revenue Note (St. Therese Redwoods, LLC Project) Series 2016A dated June 27, 2016 (the "Note"), issued by the City of Woodbury Economic Development Authority (the "Authority"), an economic development authority and a public body corporate and politic and a political subdivision duly organized and existing under the laws of the State of Minnesota, in the principal amount of \$10,000,000.00 in favor of Bremer Bank, National Association, a national banking association (the "Lender"). The Note is currently outstanding in the principal amount of \$8,508,947.28.

Due to the unavailability of the 1 month LIBOR Rate and the Five-Year LIBOR Swap Rate (each, as defined in the Note) after June 30, 2023, and as contemplated by the terms of the Note in the event of such unavailability, the Note is amended as follows:

1. Section 2 of the Note is hereby deleted and replaced in its entirety with the following:

"2. Interest Rates

Construction Rate Period and Construction Floating Rate. The Construction Rate Period commences on June 27, 2016 (the "Closing Date"), and ends on June 14, 2018 (the "Construction Rate Period"). During the Construction Rate Period, this Note shall bear interest at a variable rate (the "Construction Floating Rate") equal to the product of (i) seventy percent (70%), and (ii) the Index. The "Index" is the Reference Rate set by the Lender from time to time, which serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto. The Reference Rate is not necessarily the lowest or best rate at which the Lender makes loans. Each change in the Index Rate shall become effective on the date of each change in the Reference Rate. The Construction Floating Rate will change as and when the Index changes. During the Construction Rate Period, interest is payable beginning on July 15, 2016, and on the fifteenth day of each calendar month thereafter (the "Construction Payment Dates"). Interest on this Note during the Construction Rate Period shall accrue on the basis of actual days elapsed in a year of 360 days.

Amortization Rate Period and Amortization Floating Rate. The Amortization Rate Period commences on July 15, 2018, and ends on the Maturity Date (the "Amortization Rate Period"). During the Amortization Rate Period, this Note shall bear interest at a variable rate (the "Amortization Floating Rate") determined as follows:

(a) Prior to June 15, 2023, the Amortization Floating Rate shall be equal to the product of (i) sixty-seven percent (67%), and (ii) the sum of (A) the 1 month LIBOR Rate (defined below), and (B) 2.25 percent.

(b) From July 15, 2023, until June 14, 2026, the interest rate on this Note will be adjusted to a rate per annum equal to (“Stated Rate”): (a) the sum of (i) 2.25% and (ii) the Benchmark, (b) multiplied by 0.67.

(c) From and after June 15, 2026 (the “Second Amortization Reset Date”), through June 14, 2031, the Amortization Floating Rate shall be equal to the product of (i) seventy percent (70%) and (ii) the sum of the 5 year Treasury Constant Maturity (defined below), and (B) 2.51 percent.

(d) From and after June 15, 2031 (the “Third Amortization Reset Date”), the Amortization Floating Rate shall be equal to the product of (i) seventy percent (70%), and (ii) the sum of the 5 Year Treasury Constant Maturity, and (B) 2.51 percent.

From and after the Maturity Date until paid in full, this Note shall bear interest at a rate equal to the rate in effect on the Maturity Date plus five (5) percent per annum.

During the Amortization Rate Period, interest is payable beginning on July 15, 2018, and on the fifteenth day of each calendar month thereafter (the “Amortization Payment Dates”). Interest on this Note during the Amortization Rate Period shall accrue on the basis of actual days elapsed in a year of 360 days.

As used in this Note, the following terms have the following meanings:

“1 month LIBOR Rate” means the interest rate on this Note is subject to change from time to time based on changes in a published independent index selected by Lender which is the 1 month LIBOR rate (the “1 month Index”). The 1 month Index is not necessarily the lowest rate charged by the Lender on its loans. If the 1 month Index becomes unavailable during the term of this loan, the Lender may designate a substitute index. The Borrower will be notified promptly thereafter. The 1 month Index will be determined by the Lender two (2) London Banking Days prior to each Reset Date and will be adjusted on each Reset Date. The determination of the 1 month LIBOR Rate made by the Lender will be final and conclusive, absent manifest error.

“5 Year Treasury Constant Maturity” means an interest rate subject to change from time to time based on changes in an independent index which is the business day rate on the U.S. Treasury securities adjusted to a constant maturity of 5 year as is published in the Federal Reserve Statistical Release and Historical Data (the “CMT Index”), The CMT Index is not necessarily the lowest rate charged by Lender on its loans. If the CMT Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the CMT Index rate upon Borrower’s request. The interest rate change will not occur more often than each five years.

“Available Tenor” means, as of any date of determination with respect to the then-current Stated Rate index, as applicable, (x) if the then current Stated Rate index is a term rate, then any tenor for such Stated Rate index that is or may be used for

determining the length of an interest period as is provided for in the loan documents, but being hereby limited to one (1) month/three (3) month interest periods, or (y) otherwise, any payment period for interest calculated with reference to such Stated Rate index, as applicable pursuant to the Note as of such date.

“Benchmark” means, initially, Fallback Rate (SOFR) provided that if a Benchmark Transition Event has occurred with respect to the then-current Benchmark, then, “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior Benchmark determined two (2) Business Days prior to the applicable Reset Date.

“Benchmark Conforming Changes” shall mean, in connection with the replacement of any index or benchmark used for determining interest under this Note, any technical, administrative or operational changes (including, without limitation, (a) changes to the definition of “Business Day,” “U.S. Government Securities Business Day” or other definitions, (b) the addition or modification of concepts such as “interest period,” (c) changes to timing and/or frequency of determining rates, making interest payments, giving borrowing requests, prepayment, conversion or continuation notices, or length of lookback periods, (d) the applicability of breakage, indemnity or other compensation provisions, and (e) other technical, administrative or operational matters) that Lender decides may be appropriate to reflect the adoption and implementation of a replacement index or benchmark, and to permit the administration thereof by Lender in a manner substantially consistent with market practice (or, if Lender decides that adoption of any portion of such market practice is not administratively feasible or determines that no such market practice exists, in such other manner as Lender decides is reasonably necessary in connection with the administration of this Note and the other loan documents).

“Benchmark Replacement” means a newly determined interest rate index plus a related spread or margin selected by Lender in the event Lender determines, in the sole discretion, that a Benchmark Transition Event has occurred.

“Benchmark Transition Event” means with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of

Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve, or any successor thereto ("Federal Reserve"), the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative;

(d) the Benchmark is no longer an industry-accepted reference rate for new loan originations of a similar type to the Loan and/or has been superseded by an alternative reference rate, or

(e) the Benchmark is no longer representative of the cost of funds for the Lender for this Note.

"Business Day" shall mean any day the Lender is open for business and the Benchmark can be determined.

"Designated Maturity" shall mean a one (1) month period.

"Fallback Rate (SOFR)" means the term adjusted SOFR plus the spread relating to U.S. Dollar LIBOR, in each case, for a period of the Designated Maturity provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted SOFR and the spread, on the Fallback Rate (SOFR) Screen (or by other means) or provided to, and published by, authorized distributors.

"Fallback Rate (SOFR) Screen" means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for U.S. Dollar LIBOR for a period of the Designated Maturity accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

“London Banking Day” means any day that is a day in which banks in London, United Kingdom are open for business and dealing in offshore dollars.

“Reset Date” means the fifteenth (15th) day of each month.

“SOFR” means a rate per annum equal to the secured overnight financing rate published by the Federal Reserve Bank of New York (or successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).

"U.S. Dollar LIBOR" means the U.S. Dollar wholesale funding rate known as U.S. Dollar LIBOR (London Interbank Offered Rate) provided by ICE Benchmark Administration Limited, as the administrator of the benchmark, (or a successor administrator).

In connection with the implementation and administration of the replacement of any index or benchmark used for determining interest under this instrument, Lender will have the right to make Benchmark Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other loan document, any amendments implementing such Benchmark Conforming Changes will become effective without any further action or consent of any other party. Lender will promptly notify Borrower of the effectiveness of any Benchmark Conforming Changes, and any determination, decision or election that may be made by Lender under this Section will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party.

In the event that any Loan Repayment, as hereinafter defined, is more than ten (10) days late or an Event of Default occurs and is continuing under the Loan Agreement, the interest rate on this Note shall be immediately increased to the sum of: (i) the then applicable interest rate per annum on this Note; plus (ii) five percent (5.00%) per annum (the “Default Rate”). The Default Rate shall remain in effect for as long as there is an uncured Event of Default under the Loan Agreement (as hereinafter defined).

(signature page to follow)

(signature page to Allonge)

Agreed to and accepted as of the Effective Date.

AUTHORITY:

City of Woodbury Economic Development
Authority, Minnesota

By _____
Its President

By _____
Its Executive Director

(signature page to Allonge)

Agreed to and accepted as of the Effective Date.

LENDER:

Bremer Bank, National Association

By _____
Its _____

(signature page to Allonge)

Agreed to and accepted as of the Effective Date.

BORROWER:

St. Therese Redwoods, LLC

By: _____
Its: _____