

EXTRACT OF MINUTES OF A MEETING  
OF THE CITY COUNCIL OF THE  
CITY OF FALCON HEIGHTS, MINNESOTA

HELD: JUNE 22, 2026

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Falcon Heights, Ramsey County, Minnesota, was duly held at the City Hall in said City on June 22, 2026, at 7:00 P.M.

The following members were present: Gustafson, May, Mosen, Mielke, Wasselton

and the following were absent: NA

Member Mosen introduced the following resolution and moved its adoption:

**CITY OF FALCON HEIGHTS  
STATE OF MINNESOTA**

**RESOLUTION NO. 26-54**

AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF ITS MULTIFAMILY HOUSING REVENUE NOTES (FAIRWAY COMMONS PROJECT), SERIES 2026; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH OBLIGATIONS AND RELATED DOCUMENTS; APPROVING A HOUSING PROGRAM PURSUANT TO MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED; PROVIDING FOR THE SECURITY, RIGHTS, AND REMEDIES WITH RESPECT TO THE OBLIGATIONS; AND GRANTING APPROVAL FOR CERTAIN OTHER ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Falcon Heights, Minnesota (the "Issuer" or the "City") is a municipal corporation and statutory city duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the "Housing Act"), the Issuer is authorized to carry out the public purposes described in the Housing Act by issuing revenue bonds or other obligations to finance or refinance multifamily housing developments pursuant to housing programs adopted by the Issuer and to enter into any agreements in connection therewith; and

WHEREAS, as a condition to the issuance of such revenue obligations, the Issuer must adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Housing Act; and

WHEREAS, Fairway Commons, Limited Partnership, a Minnesota limited partnership (together with its affiliates or assigns, the “Borrower”), has requested that the Issuer issue its revenue obligations under the Housing Act and lend the proceeds thereof to the Borrower to finance, in part, the acquisition, construction, and equipping of an approximately 110-unit age-restricted multifamily rental housing development and facilities functionally related and subordinate thereto, to be located at or about 1670 Larpenteur Avenue West in the City and to be known as Fairway Commons (the “Project”); and

WHEREAS, on December 10, 2025, the City Council of the Issuer (the “City Council”) adopted Resolution No. 25-109 (the “Preliminary Resolution”), under the terms of which the Issuer (i) granted preliminary approval to the issuance of one or more series of multifamily housing revenue bonds or other obligations in an aggregate principal amount not to exceed \$25,000,000, pursuant to the Housing Act to finance the Project; (ii) authorized the submission of an application to the Minnesota Department of Management and Budget (“MMB”) for an allocation of bonding authority under Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”), in a principal amount not to exceed \$25,000,000; (iii) authorized the preparation of a housing program with respect to the Project in accordance with the requirements of the Housing Act and submission of the housing program to the Metropolitan Council for its review and comment; and (iv) authorized a public hearing to be conducted by the City Council on such date, and at such time and place, as deemed appropriate by the City Administrator of the City (the “City Administrator”), with respect to the Project, the housing program, and the proposed issuance of the revenue obligations by the Issuer to finance the Project; and

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

WHEREAS, under Section 146 of the Code, the Issuer must receive an allocation of the bonding authority of the State of Minnesota in order to issue multifamily housing revenue obligations the interest on which is excludable from gross income for federal income tax purposes under Sections 141(e)(1)(A), 142(a)(7), and 142(d) of the Code, and an application for such an allocation must be made pursuant to the requirements of the Allocation Act; and

WHEREAS, in accordance with the authority granted under the Preliminary Resolution, the City Administrator, in cooperation with the Borrower, submitted an application for an allocation of bonding authority to MMB pursuant to Section 146 of the Code and the requirements of the Allocation Act; and

WHEREAS, the Issuer received from MMB Certificate of Allocation No. 532, dated January 12, 2026, allocating bonding authority of the State of Minnesota to the Issuer in the amount of \$22,790,000, pursuant to the Allocation Act; and

WHEREAS, in accordance with the Housing Act and the Preliminary Resolution, a housing program (the "Housing Program") with respect to the Project was prepared and submitted to the Metropolitan Council for its review and comment in accordance with the requirements of the Housing Act, and all comments received from Metropolitan Council, if any, were presented to the City Council on or prior to the date of the public hearing described below; and

WHEREAS, on the date hereof, in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 462C.04, subdivision 2 of the Housing Act, the City Council held a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, with respect to the Project, the Housing Program, and the proposed issuance of revenue obligations to provide financing for the Project; and

WHEREAS, the public hearing was preceded by publication of a notice of public hearing published in the St. Paul Pioneer Press, the official newspaper of the Issuer and a newspaper of general circulation in the City, at least ten (10) days prior to the public hearing; and

WHEREAS, the Borrower has requested that the Issuer issue, sell, and deliver one or more series of taxable or tax-exempt revenue obligations, in accordance with the terms and conditions of the Housing Act to finance the capital costs of the Project, in an original aggregate principal amount not to exceed \$25,000,000, provided that the aggregate principal amount of tax-exempt revenue obligations shall not exceed \$22,790,000; and

WHEREAS, the Issuer has determined to issue and sell its (i) Multifamily Housing Revenue Note (Fairway Commons Project), Series 2026A-1 (the "Series 2026A-1 Note"), (ii) Multifamily Housing Revenue Note (Fairway Commons Project), Series 2026A-2 (the "Series 2026A-2 Note" and together with the Series 2026A-1 Note, the "Series 2026A Notes"), and (iii) Multifamily Housing Revenue Note (Fairway Commons Project), Series 2026B (the "Series 2026B Note" and collectively with the Series 2026A Notes, the "Notes") to finance, in part, the Project; and

WHEREAS, the Series 2026A Notes will be purchased by Merchants Bank, National Association, or such other lender selected by the Borrower and acceptable to the Issuer (the "Series 2026A Lender"), and the Issuer will loan the proceeds of the Series 2026A Notes to the Borrower in accordance with the terms of a Loan Agreement, dated as of July 1, 2026 (the "Series 2026A Loan Agreement"); and

WHEREAS, the Series 2026A Notes will be secured by a Combination Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated as of the closing date (the "Mortgage"), by the Borrower in favor of the Issuer; and

WHEREAS, the Series 2026B Note will be purchased by U.S. Bank National Association, or such other lender selected By the Borrower and acceptable to the Issuer (the "Series 2026B Lender" and together with the Series 2026A Lender, the "Lenders"), and the Issuer will loan the proceeds of the Series 2026B Note to the Borrower in accordance with the terms of a Loan Agreement dated as of July 1, 2026 (the "Series 2026B Loan Agreement" and together with the

Series 2026A Loan Agreement, the “Loan Agreements”), by and between the Issuer and the Borrower; and

WHEREAS, the principal and interest on the Notes will be paid from loan repayments to be made by the Borrower under the terms of the Loan Agreements or other security documents described therein, and as security for the repayment of principal of and interest on the Notes, the Issuer will assign, and grant a security interest in, (i) to the Series 2026A Lender, its right, title, and interest in (A) the Series 2026A Loan Agreement pursuant to an Assignment of Loan Agreement, dated as of July 1, 2026 (the “Series 2026A Loan Assignment”), and (B) the Mortgage, pursuant to an Assignment of Mortgage, dated as of the closing date (the “Assignment of Mortgage”) and (ii) to the Series 2026B Lender, the Series 2026B Loan Agreement pursuant to Assignment of Loan Agreement, dated as of July 1, 2026 (the “Series 2026B Loan Assignment” and together with the Series 2026B Loan Assignment, the “Loan Assignments”), in each case except for certain reserved rights; and

WHEREAS, the Notes are proposed to be issued as “exempt facility bonds” the interest on which is not includable in gross income for federal income tax purposes under Sections 103 and 141(e)(1)(A) of the Code; and

WHEREAS, to ensure compliance with certain rental and occupancy restrictions imposed by the Housing Act and Section 142(d) of the Code, the Project will be subject to a Regulatory Agreement (the “Regulatory Agreement”), dated as of July 1, 2026, among the Issuer, the Lenders, and the Borrower; and

WHEREAS, the Notes will be issued pursuant to this resolution, and the Notes and the interest on the Notes: (i) shall be payable solely from payments made pursuant to the Loan Agreements, or other security documents described therein; (ii) shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation; (iii) shall not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer other than the Issuer’s interest in the Loan Agreements and (v) shall not constitute a general or moral obligation of the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:

Section 1. Preliminary Findings. Based on representations made by the Borrower to the Issuer to date, the City Council hereby makes the following preliminary findings, determinations, and declarations:

1.1 The Issuer acknowledges, finds, determines, and declares that the issuance of the Notes to finance the Project in accordance with the Housing Program is authorized by the Housing Act and is consistent with the purposes of the Housing Act and that the issuance of the Notes, and the other actions of the Issuer under the Loan Agreements, the Loan Assignments, the Assignment of Mortgage, the Regulatory Agreement, and this resolution constitute a public purpose and are in the interests of the Issuer.

1.2 The Project constitutes a “qualified residential rental project” within the meaning of Section 142(d) of the Code, and a “multifamily housing development” authorized by the Housing Act and furthers the purposes of the Housing Act.

1.3 In authorizing the issuance of the Notes, for the financing of the Project and the related costs, the Issuer’s purpose is and the effect thereof will be to promote the public welfare of the Issuer and its residents by providing affordable multifamily housing developments for low or moderate-income residents of the City and otherwise furthering the purposes and policies of the Housing Act.

Section 2. The Housing Program. The Housing Program is hereby adopted, ratified, and approved in the form now on file with the Issuer.

Section 3. The Notes. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Notes in one or more series in the maximum aggregate principal amount not to exceed \$25,000,000, provided that the aggregate principal amount of tax-exempt revenue obligations shall not exceed \$22,790,000, or such greater amount of tax-exempt bonding authority as may hereafter be additionally allocated by MMB to the Issuer for this Project.

3.1 The Notes shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are mutually agreed upon by the Issuer, Borrower, and Lenders.

3.2 The Issuer hereby authorizes one or more of the Notes to be issued as “tax-exempt notes,” the interest on which is excludable from gross income for federal income tax purposes and net taxable income of individuals, trusts, and estates for State of Minnesota income tax purposes.

3.3 The Notes shall be special, limited obligations of the Issuer payable solely from the revenues provided by the Borrower pursuant to the Loan Agreements and other funds or security, if any, provided by the Borrower and its affiliates; the Issuer does not pledge its general credit or taxing powers or any funds of the Issuer to the payment of the Notes.

3.4 The Notes shall be substantially in the forms on file with the Issuer, which forms are hereby approved, with necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Notes, the stated maturity of the Notes, the interest rate on the Notes and the terms of redemption of the Notes) as are approved as evidenced by the execution thereof as provided herein.

Section 4. The Sale of the Notes and the Loans to the Borrower.

4.1 The Notes shall be sold to the Lenders, and the proceeds derived from the sale of the Notes shall be loaned to the Borrower in accordance with the terms and conditions of the Loan Agreements. The Loan Agreements, the Loan Assignments, the Mortgage, and the Assignment of Mortgage shall collectively provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Notes, the Issuer, and the Borrower, as set forth therein.

4.2 The Borrower shall apply the proceeds of the loans made pursuant to the Loan Agreements to the payment of a portion of the capital costs of the Project and related costs. The loan repayments to be made by the Borrower under the Loan Agreements are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Notes as and when due. The Issuer will assign its rights to payments and certain other rights and interests under the Loan Agreements to the Lenders.

Section 5. The Financing Documents.

5.1 The City Administrator and the Mayor (the "Issuer Officials") are hereby authorized and directed to execute, by manual or facsimile signature, and deliver the Notes, the Loan Agreements, the Loan Assignments, the Mortgage Assignment, the Regulatory Agreement, and any consents, subordinations, and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Notes, including without limitation, various certificates of the Issuer, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, an endorsement to the tax certificate of the Borrower, disbursing agreements with respect to proceeds of the Notes, and similar documents (collectively, the "Financing Documents").

5.2 All of the provisions of the Financing Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. Certain of the Financing Documents, including the Notes, the Loan Agreements, the Loan Assignments, the Assignment of Mortgage, and the Regulatory Agreement shall be substantially in the forms now on file with the Issuer which are hereby approved, with such necessary and appropriate variations, omissions, and insertions as are approved by Taft Stettinius & Hollister LLP, acting as bond counsel to the Issuer ("Bond Counsel"), as do not materially adversely change the substance thereof with respect to the Issuer, and as the Issuer Officials, in their discretion, shall determine, and the execution thereof by the Issuer Officials shall be conclusive evidence of such determinations.

Section 6. Bond Counsel. The Issuer hereby authorizes Bond Counsel to prepare, execute, and deliver its approving legal opinions with respect to the Notes.

Section 7. Offering Materials. The Issuer has not participated in the preparation of any offering materials relating to the offer and sale of the Notes.

Section 8. Limited Liability.

8.1 Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Issuer or the City Council by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the Issuer or by such members of the City Council, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

8.2 No covenant, stipulation, obligation, or agreement herein contained or contained in the Financing Documents, and no obligation therein or herein imposed upon the Issuer shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the City Council,

or any officer, agent, or employee of the Issuer in that person's individual capacity, and neither the City Council nor any officer, agent, or employee executing the Financing Documents shall be personally liable on the Financing Documents or be subject to any personal liability or accountability by reason of the issuance thereof or the execution and delivery of such documents.

8.3 No provision, covenant or agreement contained in the Financing Documents, and no obligation therein or herein imposed upon the Issuer or the breach thereof, shall constitute or give rise to a general or moral obligation of the Issuer or any pecuniary liability of the Issuer or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in the Financing Documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreements which are to be applied to the payment of the Notes, as provided therein.

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

Section 9. Severability. In case any one or more of the provisions of this resolution (other than the provisions limiting the liability of the Issuer, the Issuer Officials, or any officer, employee, or agent of the Issuer contained herein) or of the Financing Documents shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the Financing Documents, but this resolution and the Financing Documents shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

Section 10. Notes Conclusive Evidence. Each of the Notes, when executed and delivered, shall contain a recital that it is issued pursuant to the Housing Act, and such recital shall be conclusive evidence of the validity of such Note and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Notes, and to the execution of the Financing Documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

Section 11. Performance Authorized. The officers of the Issuer, Bond Counsel, other attorneys, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this resolution and the Financing Documents for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Financing Documents and this resolution. If for any reason one or more of the Issuer Officials is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by such officer(s) of the City as, in the opinion of the City Attorney, may act on said Issuer Official's behalf, without further act or authorization of the City, with the same force and effect as if such documents were executed and delivered by the Issuer Officials.

Section 12. Costs. The Borrower shall pay the administrative fee of the Issuer when due in accordance with the terms of the Loan Agreements. The Borrower will also pay, or, upon demand, reimburse the Issuer for payment of, any and all costs incurred by the Issuer in connection with the Project and the issuance of the Notes, whether or not the Notes are issued, including any attorneys' fees.

Section 13. Indemnity. It is understood and agreed by the Borrower that the Borrower shall indemnify the Issuer against all liabilities, losses, damages, costs, and expenses (including attorney's fees and expenses incurred by the Issuer) arising with respect to the Project and the Notes, as provided for and agreed to by and between the Borrower and the Issuer in the Loan Agreements.

Section 14. Preliminary Resolution. The City Council hereby affirms its findings in the Preliminary Resolution.

Section 15. Future Amendments or Consents. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the Issuer in connection with the issuance of the Notes and consents required under the Financing Documents is hereby delegated to the Issuer Officials, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the Issuer; (b) such amendments or consents do not contravene or violate any policy of the Issuer; (c) such amendments or consents do not require the consent of the holder(s) of the Notes, as applicable, or such consent has been obtained; and (d) such amendments or consents are acceptable in form and substance to the Issuer's counsel and Bond Counsel. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the Issuer Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of any Issuer Official, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the Issuer authorized to act in such Issuer Official's place and stead.

Section 16. Commitment Conditional. The adoption of this resolution does not constitute a guaranty or firm commitment that the Issuer will issue the Notes as requested by the Borrower. The Issuer retains the right in its sole discretion to withdraw from participation and accordingly to not issue the Notes, or to issue the Notes in an amount less than the amount referred to herein, should the Issuer at any time prior to the issuance thereof determine that it is in the best interest of the Issuer to not issue the Notes, or to issue the Notes in an amount less than the amount referred to herein, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

Section 17. Effective Date. This resolution shall be in full force and effect from and after its approval.

The motion for the adoption of the foregoing resolution was duly seconded by member NA, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

Gustafson, May, Mielke, Mogen  
and Wassenberg

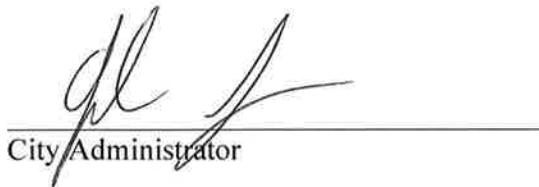
and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.



\_\_\_\_\_  
Mayor

Attest:



\_\_\_\_\_  
City Administrator

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