MINNESOTA HEALTH AND EDUCATION FACILITIES AUTHORITY

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September 9, 2026

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- Meeting Agenda

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- Minutes of August 12, 2026

II. *Hosted Public Hearing on behalf of WiHEFA for Rogers Behavioral Health*
- Governor Approval Form

III. *Glenhaven Series 2026*
- Glenhaven Financing Update Presentation

IV. *Integrated Senior Foundation, Series 2026*
- Application Memorandum – Taft, Issuer Counsel
- Resolution Relating to the Application – Taft, Issuer Counsel

V. *Old Business*

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VII. *Other Business*
- Moody's Ratings Higher Education Sector Comment
- Budget to Actual – July 2026
- P&L by Class – July 2026

MINNESOTA HEALTH AND EDUCATION FACILITIES AUTHORITY

860 BLUE GENTIAN ROAD SUITE 145, EAGAN, MN 55121

Phone: 651.296.4690 Fax: 651.297.5751

Date: September 2, 2026

To: Minnesota Health and Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: September 9, 2026 Authority Board Meeting Preview

Welcome to the September 2026 MHEFA Board meeting.

We are having a pair of TEFRA required Public Hearings at our September 2026 meeting. We will have a Public Hering for a Senior Living financing request to MHEFA. The financing is for the acquisition of a number of retirement communities in northern Minnesota.

We are also hosting a Public Hearing for the Wisconsin Health and Educational Facilities Authority. It involves a Wisconsin Healthcare financing that has a facility in Minnesota that will be financed through WHEFA as part of a larger Wisconsin project.

The September meeting will be held in the lower-level conference room at the Board office location in Eagan.

This is an in-person meeting, but if you are not able to attend, we will use our video link system for this meeting. Instructions for accessing the video link are available in Board packet material included with this email. In addition, telephone access is available.

We look forward to your participation.

Board Meeting Agenda

Wednesday, September 9, 2026
2:00 PM
Location: MHEFA Office Lower-Level Conference Room

Individuals may request reasonable accommodation or modifications in order to participate in Authority programs by contacting the Authority at least 48 hours in advance of the event.

I. Review and approve the minutes of the meeting of August 12, 2026

II. Hosted Public Hearing on behalf of WiHEFA for Rogers Behavioral Health
   - Conduct Public Hearing

III. Glenhaven Housing Foundation, Series 2026
   - Financing Update Presentation, *HJ Simms - Underwriter*

IV. Integrated Senior Foundation, Series 2026
   - Conduct Public Hearing
   - Application Memorandum - *Taft - Issuer Counsel*
   - Resolution Relating to the Application – *Taft – Issuer Counsel*

V. Old Business

VI. New Business
   - October and November Meeting Dates
   - October Board Dinner

VII. Other Business
   - Executive Director's Report

General Public may attend in-person at the address below, via call-in number: 1-877-978-6969
Access Code: 796-778-378# or through this link: https:// meeting.gomeet.com/796-778-378
MHEFA, Lower-Level Conference Room, 860 Blue Gentian Road, Eagan, MN 55121

The Minnesota Health and Education Facilities Authority (the "Authority" or "MHEFA") convened a Board meeting at 2:00 pm Central Daylight Time, Wednesday, August 12, 2026.

The Board is conducting this meeting subject to the Open Meeting Law by in-person, telephone, and interactive technology as allowed by Minnesota Statutes. Members participating in the meeting can hear each other and all discussion; members of the public can hear all discussion and votes; and all votes are conducted by a roll call. The board has made provision for the public to monitor the meeting electronically from a remote location. The board has provided notice of the meeting location, the fact that some members may participate by interactive technology, and of the public's right to monitor the meeting electronically from a remote location.

The Authority Board meeting was held in the lower-level conference room of the Authority Offices at Grand Oak I, 860 Blue Gentian Road, Suite 145, Eagan, MN 55121. Executive Director, Barry Fick, was physically present, as well as other Board Members and members of the public, all listed on the following page. The location and time of the meeting was duly published and posted on the Authority website and at the entrance to the Authority office, located at 860 Blue Gentian Road, Suite 145, Eagan, MN 55121.

The public was able to attend the meeting in person, monitor the meeting by calling a toll-free number, and able to connect to the meeting using the video link.

Board members participated in the meeting in-person and by using a video link. The meeting link was sent to Board members prior to the meeting. The use of a video link as an allowable way to hold the Board meeting was confirmed by the State of Minnesota's Data Practices Office staff prior to the meeting, following Minnesota Statute 13D.015.

Executive Summary – Minnesota Health and Education Facilities Authority

Meeting on August 12, 2026 Board Actions Taken:

Motions:	Result:	Vote:
Approve the Meeting Minutes of June 17, 2026	Passed	Unanimous

Resolutions	Result:	Vote:
Resolution Approving Application for Financing from Glenhaven Housing Foundation	Passed	Unanimous

The official meeting began with a roll call to establish a quorum. The following board members or their designees were participating and attending in-person (IP), by video link ("V") or telephone ("T"):

Board Members:
Gary Benson – T
Bonnie Anderson Rons - IP
Ken Westphal – IP
Erich Heppner - V
Martha Earley - IP
David Rowland – V (joined during Glenhaven presentation)
Mary Ives - V
Michelle Scott, OHE – V
Paul Cerkvenik, MPCC – V (joined during Glenhaven presentation)

Absent: Tim Rice

Other Attendees:
Mark LeMay, Consultant – IP
Mia Tibodeau, Fryberger Law – IP
Dana Dallum, Diamond Willow Mgmt – IP
Brett Edwards, HJ Sims – IP
Curtis King, HJ Sims – IP
Tim O'Brien, Glenhaven Housing Foundation - V

Staff:	Barry W. Fick, Executive Director, MHEFA – IP Amanda Lee, Operations Manager, MHEFA – IP

Board Chair Bonnie Anderson Rons, called the meeting order at 2:01 pm CDT. Executive Director Fick took role and confirmed that a quorum was present. Except for Other Attendees noted above, there were no members of the public at the meeting location or on the video or telephone link.

Agenda Item I –Minutes from June 17, 2026, Board Meeting

The first action item on the agenda was the review and consideration of the minutes of the June 17, 2026 Authority Board meeting.

Chair Anderson Rons asked for a motion and second to the Minutes of the June 17, 2026 Board Meeting. Ken Westphal moved to accept the June 17, 2026 MHEFA Board meeting minutes. Martha Earley seconded the Motion. Chair Anderson Rons asked if there were any changes or edits to the minutes. Executive Director Fick noted that one correction to the minutes. A date in the description of the Hamline University Tender Date Extension should be corrected to read “2028”. There were no other suggested edits or changes to the June 17, 2026 minutes.

Chair Anderson Rons called for a vote regarding the approval of the June 17, 2026, minutes. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Bonnie Anderson Rons	Abstain
	Ken Westphal	Yes
	Erich Heppner	Yes
	Martha Earley	Yes
	Mary Ives	Abstain
	Michelle Scott	Yes

There were no votes against the motion and the Minutes of the June 17, 2026, MHEFA Board meeting were approved.

Agenda Item II – Glenhaven Housing Foundation Application for Financing

The next item on the agenda is consideration and action on an application for financing submitted by Glenhaven Housing Foundation. This meeting will include holding the official Public Hearing required under tax law. The Board will view a presentation by the Glenhaven Housing Foundation and the operating manager of the facilities, and consider the application submitted by the borrower. The specifics of the finance plan for the project will be considered and acted upon at the September meeting of the Authority Board.

Chair Anderson Rons opened the public hearing for the Glenhaven Housing Foundation financing at 2:05 pm. Chair Anderson Rons called upon representatives of Glenhaven Housing Foundation, Diamond Willow Management, and HJ Sims, the underwriting bank for the financing.

Brett Edwards (HJ Sims) and Tim O'Brien (Glenhaven Housing Foundation) introduced themselves and described the transaction. The current non-profit owner of the properties desires to transfer the properties to a non-profit organization who will continue the successful operation of the properties for the benefit of the local communities where the properties are located.

Glenhaven Housing Foundation would like to acquire the 9-community assisted living and memory care group, consisting of Keystone Bluffs in Duluth and 8 Diamond Willow facilities, located in various communities across the northern 1/3rd of Minnesota.

This financing shall not exceed $102,300,000 to finance the costs to acquire, improve, renovate, furnish, equip, and expand the nine assisted living and memory care facilities and one parcel of vacant land as detailed below, as well as to fund debt reserves, fund working capital, fund capitalized interest and to pay costs of issuances as permitted.

(1) up to $26,920,000 for assisted living facilities located at 2528 Trinity Road, Duluth, MN, to be owned by GHF Keystone Bluffs PropCo, LLC;

(2) up to $7,180,000 for assisted living facilities located at 130 West North Road, Cloquet, MN, to be owned by GHF Cloquet PropCo, LLC;

(3) up to $6,100,000 for assisted living facilities located at 1558 Randolph Road, Detroit Lakes, MN, to be owned by GHF Detroit Lakes PropCo, LLC;

(4) up to $7,400,000 for assisted living facilities located at 949 Southwest 11th Avenue, Grand Rapids, MN, to be owned by GHF Grand Rapids PropCo, LLC;

(5) up to $13,240,000 for assisted living facilities located at 6353 East Superior Street, Duluth, MN, to be owned by GHF Lester Park PropCo, LLC;

(6) up to $10,380,000 for assisted living facilities located at 1401 5th Avenue NE, Little Falls, MN, to be owned by GHF Little Falls PropCo, LLC;

(7) up to $6,870,000 for assisted living facilities located at 8583 Unity Drive, Mountain Iron, MN, to be owned by GHF Mountain Iron PropCo, LLC;

(8) up to $11,680,000 for assisted living facilities located at 909 Crocus Hill Street, Park Rapids, MN, to be owned by GHF Park Rapids PropCo, LLC;

(9) up to $11,030,000 for assisted living facilities located at 913-923 Old Highway 2, Proctor, MN, to be owned by GHF Proctor PropCo, LLC; and

(10) up to $1,500,000 for vacant land located adjacent to 2528 Trinity Road Duluth, MN, to be owned by GHF Keystone Bluffs 2 PropCo, LLC

All the facilities are existing communities that have been in operation for many years. Their occupancy and financial operations are stabilized, with a mix of private pay and Medicaid residents. The entire portfolio has been successfully managed by Diamond Willow Management for many years.

The acquisition of the properties by the nonprofit Glenhaven Housing Foundation will be facilitated by tax-exempt financing provided through the Authority. The underwriting firm of HJ Sims expects the bonds to finance the project acquisition will be sold to a limited number of bond funds. There will be no private equity involved in the financing.

After the acquisition of the facilities by Glenhaven Housing Foundation, Diamond Willow Management will continue to operate the facilities through a long-term management agreement.

Glenhaven Housing Foundation is a nonprofit organization seeking to acquire, expand and support affordable and high-quality seniors housing and skilled nursing communities. Glenhaven supports its communities to generate long-term value and sustainability. It is governed by a Board of Directors.

Dana Dallum, CEO of Diamond Willow Management, spoke next. She is the Chief Executive Officer of the company that has operated the Keystone and Diamond Willow properties for many years. She described the operations of the facilities and noted that Diamond Willow will continue to manage the facilities after the transfer of ownership.

The presentation concluded and Chair Anderson Rons asked if there were questions for the presenters. Board members asked a number of questions about the application. The Glenhaven Housing Foundation and Diamond Willow Management representatives answered the Board questions to the satisfaction of the Board members.

There were no more questions from either the Board or the public. No written comments were received by the public or any other parties regarding the financing and public hearing.

Chair Anderson Rons announced that the public hearing for the Glenhaven Housing Foundation was closed.

Chair Anderson Rons asked Mia Thibodeau of the Fryberger law firm, who are serving as Authority Bond Counsel for the Glenhaven Housing Foundation financing, to review Bond Counsel's Application memorandum with the Board.

Bond Counsel Thibodeau reviewed the findings outlined in the Application Memorandum. She noted that there are additional documents and information that will be required to be provided prior to final issuance of the bonds for the financing. The borrower and other finance team participants are aware of the additional documentation required and are already working on obtaining and submitting the needed information.

The Application memo also outlines various tax law limitations and tax compliance requirements that are applicable to the financing. These requirements are known by the borrowers and will be complied with on the financing.

Bond Counsel Thibodeau concluded the presentation and asked if there were questions. There were no questions from Board members or the public.

Chair Anderson Rons asked Bond Counsel Thibodeau to review the Resolution Relating to the Application. Bond Counsel Thibodeau reviewed the findings outlined in the Resolution. She reviewed the Resolution recitations relating to the public hearing, and the review of the Application by the Authority and Bond Counsel.

The Resolution recites the actions taken by the Authority related to the Application and authorizes the Authority and Bond Counsel to prepare and review additional documentation related to the sale of the bonds for the project. The terms of the Resolution further ratify the selection of finance team participants and authorizes finance team participants to prepare documents for review, consideration and approval by the Authority prior to finalizing the financing.

Bond Counsel Thibodeau concluded the review of the Resolution Relating to the Application for Financing.

Chair Anderson Rons asked for a motion to approve the Resolution Relating to the Application from Glenhaven Housing Foundation. A motion to approve the Resolution was made by Erich Heppner. The motion was seconded by Mary Ives.

Chair Anderson Rons asked if there were any questions about the Glenhaven Housing Foundation Application for Financing. There were no questions from the Board. Chair Anderson Rons called on Executive Director Fick to conduct a roll call vote on the approval of the Application. A roll call vote was conducted, and Board members voted as follows:

Gary Benson	Yes
Bonnie Anderson Rons	Yes
Ken Westphal	Yes
Erich Heppner	Yes
Martha Earley	Yes
Mary Ives	Yes
David Rowland	Yes
Michelle Scott	Yes

There were no abstentions or votes against the Resolution and the Resolution Relating to the Application from Glenhaven Housing Foundation was approved.

Agenda Item III – Bethel University Financing Update

Executive Director Fick provided an update on the Bethel financing which the Board approved at their May 2026 meeting. Fick noted that the financing has been successfully priced and closing is scheduled for mid-August. The construction fund, capitalized interest, and debt service reserve funds were bid for investment of funds during the construction period. Favorable rates were received. The Investment Agreements will be closed immediately after the Note financing closes.

Agenda Item IV – Old Business

Chair Anderson Rons asked if there were any Old Business items from Board members for discussion.

There were no Old Business items from staff or from Board members for discussion.

Agenda V – New Business

Chair Anderson Rons asked if there were any New Business items from Board members for discussion.

Operations Manager, Amanda Lee, presented the updated IRS/MMB mileage rate that took effect July 1, 2026 and noted that this will be reflected on the board's August meeting expense reports.

There were no additional New Business items from staff or Board members for discussion.

Agenda VI– Other Business

Chair Anderson Rons called upon Executive Director Fick to discuss Other Business and present the Executive Directors Report. Executive Director Fick noted that the Authority continues to be busy completing a number of annual administrative reports for Minnesota Management and Budget

Executive Director activity / news since the June Board meeting includes:

- We completed the Hamline extension of the Mandatory Tender date for the Series 2021 note.
- We successfully priced the Bethel Series 2026 Limited Offering Bank Financing and will close that transaction on August 13. The Bethel bid investment of bond proceeds and received very favorable rates. Those agreements will close later this week also. The bidding of bond proceeds helps reduce the overall cost of debt service during project construction and the investment of the debt service reserve reduces the cost of funding the reserve.
- We have been contacted by two legal firms about serving as issuer for upcoming healthcare financings. We have provided them with the application form for healthcare financing and await questions from them.
- We are working with schools to schedule Moody's credit rating and update calls to take place during the rest of 2026. We had a Moody's update call for Concordia College, Moorhead in August and have a call scheduled for Augsburg University. There are 4 other schools (College of St. Benedict, St. John University, St. Catherine University, and Gustavus Adolphus College) who will have rating agency update calls scheduled later in 2026.

- Gustavus Adolphus College, St. Catherine University, Macalester College, and Augsburg University are each conducting a search for a new CFO. A couple of schools are also searching for Controllers.
- Working with Carnival Berns, our legislative consultants, we have met with one of our primary legislative sponsors and with a legislator who went from being skeptical of our expansion request to being a strong supporter. We have scheduled meetings with our other legislative sponsors to let them know how our Healthcare financing program is doing.
- I attended the GFOA annual conference in Chicago, where I had a number of fruitful conversations with rating agencies, our product vendors, and members of GFOA about finance issues. Sessions on cybersecurity, how to avoid fraud, economic conditions review, and other public finance sessions were informative.
- We plan to meet with legislative committees with oversight of Healthcare during the 2027 legislative session to brief them on the success of our Healthcare financing program.
  We continue planning for the 2027 Finance Conference. The date for 2027 has been moved to the first Wednesday of April. We are looking for topics and speakers, so send us your suggestions.

Chair Anderson Rons asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Anderson Rons asked for a motion to adjourn the regular Board meeting.

A motion to adjourn the regular board meeting was made by Martha Earley with a second provided by Gary Benson. The Board acted by voice vote to adjourn the meeting at 3:17 pm, CDT.

Respectfully submitted,

____
Assistant Secretary

GOVERNOR APPROVAL

Not to exceed $125,000,000 Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2026 (Rogers Behavioral Health)

WHEREAS, the Minnesota Health and Education Facilities Authority (the "Authority") has received an application requesting host approval of the issuance by the Wisconsin Health and Educational Facilities Authority (the "Issuer") of tax-exempt bonds in an aggregate principal amount of not to exceed $125,000,000 in one or more series (the "Bonds"), the proceeds of which will be loaned to Rogers Memorial Hospital, a Wisconsin nonstock, nonprofit corporation (the "Borrower"), to finance, refinance or reimburse the Borrower for the costs of planning, design, acquisition, construction, renovation, improvement, expansion or equipping of the Borrower's hospital and related healthcare and residential health facilities located in Wisconsin and Minnesota, including not to exceed $5,000,000 principal amount of Bonds for the facilities to be located at the property on Circle Grove N. just south of 99th Place N., Maple Grove, Minnesota.

WHEREAS, following publication of notice, a public hearing was held on September 9, 2026 regarding the proposal to issue the Bonds at which hearing interested individuals had an opportunity to express their views with respect to the proposal and no objections were received; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that the Governor of the State, as the chief elected executive officer, approve the issuance of the Bonds.

NOW, THEREFORE, the issuance of the aforementioned Bonds by the Issuer is hereby approved.

Dated at St. Paul, Minnesota, this ________ day of ___________, 2026.

____
Tim Walz
Governor, State of Minnesota

346 Bed Assisted Living and Memory Care Portfolio

HJ SIMS

Preliminary, subject to change. HJ Sims, member FINRA and SIPC, is not affiliated with Glenhaven Housing Foundation, Inc.

Glenhaven Housing Foundation

$87,050,000*
MINNESOTA HEALTH AND EDUCATION FACILITIES AUTHORITY
SENIOR LIVING REVENUE BONDS
(GLENHAVEN HOUSING FOUNDATION, INC – DIAMOND WILLOW PORTFOLIO ACQUISITION)
SERIES 2026 BONDS

CONSISTING OF:

$60,910,000*
SENIOR SERIES 2026A BONDS
TAX-EXEMPT

$13,000,000*
SUBORDINATE SERIES 2026B BONDS
TAX-EXEMPT

$11,015,000*
SUBORDINATE SERIES 2026C-1 BONDS
TAX-EXEMPT

$2,125,000*
SUBORDINATE SERIES 2026C-2 BONDS
TAXABLE

* Preliminary, subject to change.

No dealer, broker, salesperson, or other person has been authorized to give any information or to make any representation other than those contained in the Preliminary Official Statement, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer, the Obligor, or the Underwriter. The information set forth herein has been obtained from the Issuer, Obligor, and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not construed as a representation of, the Underwriters. The information contained herein is subject to change without notice. Under no circumstances shall this constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any offering or solicitation will be made only to investors pursuant to the Preliminary Official Statement, which should be read in its entirety. Investments involve risk including the possible loss of principal.

HJ Sims, member FINRA and SIPC, is not affiliated with Glenhaven Housing Foundation, Inc.

HJ SIMS

Glenhaven Housing Foundation

Executive Summary

Executive Summary

- Glenhaven Housing Foundation, Inc. ("Glenhaven" or the "Sponsor") is acquiring a 9-community assisted living and memory care portfolio in Minnesota (the "Portfolio")
- The Portfolio consists of stabilized performing assets with a mix of private pay and Medicaid residents, as summarized in the table below
- The Portfolio is operated by Diamond Willow Management ("DWM" or the "Manager")
- Upon acquisition, Glenhaven Housing Foundation will contract with DWM to continue operating the Portfolio through a long-term management contract
- HJ Sims currently expects a limited group of bond funds to buy the senior bonds offered for this transaction

COMMUNITY	ADDRESS	CITY	STATE	YEAR BUILT	AL BEDS	AL/MC BEDS	TOTAL BEDS	OCCUPANCY*	% OF REVENUE**
Keystone Bluffs Assisted Living	2528 Trinity Road	Duluth	MN	2000	100	-	100	86.81%	24.39%
Diamond Willow Cloquet	130 West North Road	Cloquet	MN	2006	-	26	26	87.17%	8.38%
Diamond Willow Detroit Lakes	1558 Randolph Road	Detroit Lakes	MN	2007	-	30	30	69.81%	7.07%
Diamond Willow Grand Rapids	949 Southwest 11th Avenue	Grand Rapids	MN	2006	-	26	26	98.88%	9.01%
Diamond Willow Lester Park	6353 East Superior Street	Duluth	MN	2011	-	26	26	93.37%	10.54%
Diamond Willow Little Falls	1401 5th Avenue NE	Little Falls	MN	2006	-	26	26	93.15%	10.12%
Diamond Willow Mt. Iron	8583 Unity Drive	Mountain Iron	MN	2006	-	26	26	95.57%	8.12%
Diamond Willow Park Rapids	909 Crocus Hill Street	Park Rapids	MN	2007	-	30	30	75.68%	8.68%
Diamond Willow Proctor	913-923 Old Highway 2	Proctor	MN	2004	-	56	56	71.05%	13.69%
Total/Average					**100**	**246**	**346**	**84.38%**	**100.00%**

**Average for six-month period ending May 31, 2026*

***For six-month period ending May 31, 2026*

The Transaction

Sources and Uses of Funds*

SOURCES OF FUNDS	MHEFA 2026A (Senior TE)	MHEFA 2026B (Sub 503 TE)	MHEFA 2026C-1 (Sub Seller TE)	MHEFA 2026C-2 (Sub Seller Taxable)	TOTAL
Senior Bonds	60,910,000.00	13,000,000.00		-	73,910,000.00
Subordinate Bonds			11,015,000.00	2,125,000.00	13,140,000.00
Original Issue Discount	-	(648,155.65)			(648,155.65)
Total Sources of Funds	**60,910,000.00**	**12,351,844.35**	**11,015,000.00**	**2,125,000.00**	**86,401,844.35**

USES OF FUNDS	MHEFA 2026A (Senior TE)	MHEFA 2026B (Sub 503 TE)	MHEFA 2026C-1 (Sub Seller TE)	MHEFA 2026C-2 (Sub Seller Taxable)	TOTAL
Total Purchase Price	51,860,000.00	10,075,000.00	11,015,000.00	-	72,950,000.00
CapEx and Pre-Development	700,000.00	-	-	-	700,000.00
Senior Debt Service Reserve	4,425,000.00	1,489,000.00	-	-	5,914,000.00
Operating Reserve Fund (45 Days)**	2,191,000.00	431,730.00	-	-	2,622,730.00
Capitalized Interest (45 Days)	516,608.44	110,259.56	-	-	626,868.00
Cost of Issuance	150,000.00	15,000.00	-	2,125,000.00	2,290,000.00
Underwriter's Discount	1,065,925.00	227,500.00	-	-	1,293,425.00
Misc/Rounding	1,466.56	3,354.79	-	-	4,821.35
Total Uses of Funds	**60,910,000.00**	**12,351,844.35**	**11,015,000.00**	**2,125,000.00**	**86,399,470.20**

** Preliminary, subject to change*
***Approximately 45 days of operating expenses not including debt service*

Financing Summary – MHEFA Senior Series 2026A Bonds

Settlement:	November 6, 2026*
Rating	Non-Rated
Coupon Payment:	May 1 and November 1, commencing May 1, 2027
Indicative Rate:	Subject to market conditions, assumed at 6.00%
Senior Bonds:	**Series 2026 Bonds – Tax-Exempt ($60,910,000*)**

- Principal payments commence 5/1/2029, with final maturity 11/1/2056
- Optional redemption TBD

Denominations:	Denominations and investor requirements TBD
Purpose:	(1) Fund the acquisition of the Portfolio (2) Fund Capital Expenditures for the Portfolio and various Pre-Development costs (3) Fund a 45-day operating reserve, including 45 days of capitalized interest for the Senior Bonds (4) Fund a Debt Service Reserve Fund on the Senior Series 2026 Bonds (5) Fund Liquidity Support equal to 2.5% of the Senior Series 2026 Bonds (6) Fund costs of issuance

**Preliminary, Subject to Change*

Financing Summary – MHEFA Subordinate Series 2026B Bonds (503 Capital)

Settlement:	November 6, 2026*
Rating	Non-Rated
Coupon Payment:	Monthly payments, commencing May 1, 2027
Indicative Rate:	11.00%, issued at a discount such that net proceeds are roughly $12,350,000
Senior Bonds:	**Series 2026 Bonds – Tax-Exempt ($13,000,000*)** • Principal payments commence 5/1/2029, with final maturity 11/1/2056 • Optional redemption TBD
Denominations:	Denominations and investor requirements TBD
Purpose:	(1) Fund the acquisition of the Portfolio (2) Fund operating reserves and capitalized interest for the Subordinate Series 2026B Bonds (3) Fund a Debt Service Reserve Fund on the Subordinate Series 2026B Bonds (4) Fund costs of issuance

**Preliminary, Subject to Change*

Financing Summary – MHEFA Subordinate Series 2026C Bonds (Seller)

Structure

- **MHEFA Series 2026C-1 Bonds** ($11,015,000) – Delivered in full at closing of the financing
    - Tax-Exempt Subordinate Series Term Bonds at an 8.50% rate
- **MHEFA Series 2026C-2 Bonds** ($2,125,000) – Delivered in full at closing of the financing
    - Taxable Subordinate Series Term Bonds at an 8.50% rate

Repayment Terms

- Interest only with balloon payment
- Payment on the sub-bonds is deeply subordinated and restricted to 65% of excess surplus funds, compliance with Tier 2 Covenants (described herein), and compliance with all other financial covenants

Management Fee Structure

- Base management fee of 5.0%.
- Deferred management fee of 1.0%, subject to the Portfolio meeting:
- 1.20x debt service coverage
    - the greater of (i) 60 Days Cash on Hand or (ii) minimum DCOH required by the Series A and Series B bonds
- For any year in which the DSCR, inclusive of the Base Management Fee and Deferred Management Fee, exceeds 1.30x, an incentive management fee of 1.00% The payment of the Incentive Management Fee will be subject to the Portfolio meeting
    - (i) a 75 DCOH liquidity test;
    - (ii) average occupancy across the portfolio occupancy of at least 80%; and
    - (iii) any covenants imposed by the Series A and/or Series B bonds that would restrict the payment of the Incentive Management Fee.

Security & Base Covenants

Security

- Gross Revenue Pledge
- First Mortgage
- Liquidity Support Fund ("LSF")
- Repair and Replacement Fund
- Debt Service Reserve Fund
- Subordination of Management Fees

Base Covenants

- Debt Service Coverage – 1.20x, tested annually beginning 10/1/2027
- Liquidity Covenant – Requirement of 60 Days tested semi-annually

Liquidity Support Fund

- $2,750,000 of cash funded at close
  - Provided by Seller as a deduction from the Portfolio purchase price
- Release conditions:
  - Will not be released until both the Senior Bonds and Subordinate Series 2026B Bonds have been repaid in full

Security & Covenants

Tier 2 Covenants

Payments of the Deferred Management Fee, Incentive Management Fee, and any payments on the Subordinate Debt will be subject to meeting the following Tier 2 covenants:

- Debt Service Coverage of 1.35x, tested on annual basis
- Days' Cash On Hand of:
  - a) 75 days for period ending 12/31/2026;
  - b) 85 days for the period ending 12/31/2027;
  - c) 95 days for the period ending 12/31/2029; and
  - d) 105 days for each fiscal year end thereafter.
- Occupancy of 85% at FYE 2026 and 88% for each FYE thereafter.

Additionally, any payments made subject to the Tier 2 Covenants shall only be made to the extent that the above-referenced DCOH levels are achieved post payment.

Financial Projections & Analysis

Historical Financial Performance

	2024 Actual	2025 Actual	Aug 2026 T12 Actual	Aug 2026 T6 Annualized	Aug 2026 T3 Annualized	Sept RR T3A Expenses
Private Pay Census	132.8	125.8	128.3	134.5	135.9	141.0
Medicaid Census	148.5	152.1	157.8	157.5	161.2	156.0
Total Census	281.3	277.9	286.1	292.0	297.1	297.0
Operating Beds	346.0	346.0	346.0	346.0	346.0	346.0
Occupancy (%)	**81.3%**	**80.3%**	**82.7%**	**84.4%**	**85.9%**	**85.8%**
Average Rate per Month	**$6,984.58**	**$7,458.93**	**$7,564.20**	**$7,624.18**	**$7,714.49**	**$7,651.34**
Total Operating Revenue	**23,574,917**	**24,874,668**	**25,973,134**	**26,711,331**	**27,506,509**	**27,269,369**
% Growth	*9.7%*	*5.5%*	*4.4%*	*2.8%*	*3.0%*	*2.1%*
Total Operating Expenses	**17,410,834**	**17,903,270**	**18,282,013**	**18,556,348**	**18,757,962**	**18,757,962**
% Growth	*8.8%*	*2.8%*	*2.1%*	*1.5%*	*1.1%*	*1.1%*
EBITDARM	**6,164,083**	**6,971,399**	**7,691,121**	**8,154,983**	**8,748,546**	**8,511,407**
Less: Base Management Fee (5%)	1,178,746	1,243,733	1,298,657	1,335,567	1,375,325	1,363,468
EBITDAR	**4,985,337**	**5,727,665**	**6,392,465**	**6,819,416**	**7,373,221**	**7,147,938**
Plus: Investment Income	227,425	227,425	227,425	227,425	227,425	227,425
ADJUSTED EBITDAR	**5,212,762**	**5,955,090**	**6,619,890**	**7,046,841**	**7,600,646**	**7,375,363**
Operating Margin	*21.1%*	*23.0%*	*24.6%*	*25.5%*	*26.8%*	*26.2%*
Annual Senior Debt Service	3,654,600	3,654,600	3,654,600	3,654,600	3,654,600	3,654,600
SENIOR DSCR - FULLY SUBORDINATED FEES	**1.75x**	**1.97x**	**2.17x**	**2.29x**	**2.46x**	**2.39x**
SENIOR DSCR - WITH 5% MGMT FEE	**1.43x**	**1.63x**	**1.81x**	**1.93x**	**2.08x**	**2.02x**
Annual Senior + Tier 2 Debt Service	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000
COMBINED DSCR - FULLY SUBORDINATED FEES	**1.26x**	**1.42x**	**1.56x**	**1.65x**	**1.77x**	**1.72x**
COMBINED DSCR - WITH 5% MGMT FEE	**1.03x**	**1.17x**	**1.30x**	**1.39x**	**1.49x**	**1.45x**

**Source: Management*

Financial Projections

Discussion of Financial Projections

- The state of Minnesota approved a 6.013% increase to the service component for Elderly Waiver Medicaid residents, which went into effect January 1, 2026 for all new residents and enrollees
    - For all existing elderly waiver residents, the increase will take effect upon the earlier of (a) renewal of the resident's annual service authorization, (b) resident reassessment, and (c) such earlier time that the county case manager may determine
- A 2.4% increase to the Room and Board rate for Elderly Waiver Medicaid residents went into effect for the fiscal year beginning July 1, 2026
- For private pay residents, Management has implemented residents of rental rate increases averaging approximately 5.9% for private rooms and 5.0% for semi-private rooms, effective January 1, 2026
- Annualized EBITDA for the trailing three months ending May 31, 2026 is $7.37 million. Driven largely by the increased rates noted above along with moderate census improvement consistent with current occupancy trends, Year 1 EBITDA is projected at $7.84 million

Financial Forecast – Debt Service Coverage Ratio

	2024 Actual	2025 Actual	May 2026 T12 Actual	May 2026 T6 Annualized	May 2026 T3 Annualized	Year 1 Projections	Year 2 Projections	Year 3 Projections	Year 4 Projections	Year 5 Projections
Private Pay Census	132.8	125.8	128.3	134.5	135.9	143.7	143.7	143.7	143.7	143.7
Medicaid Census	148.5	152.1	157.8	157.5	161.2	167.2	167.2	167.2	167.2	167.2
Total Census	281.3	277.9	286.1	292.0	297.1	310.9	310.9	310.9	310.9	310.9
Operating Beds	346.0	346.0	346.0	346.0	346.0	346.0	346.0	346.0	346.0	346.0
Occupancy (%)	**81.3%**	**80.3%**	**82.7%**	**84.4%**	**85.9%**	**89.9%**	**89.9%**	**89.9%**	**89.9%**	**89.9%**
Average Rate per Month	**$6,984.58**	**$7,458.93**	**$7,564.20**	**$7,624.18**	**$7,714.49**	**$7,968.43**	**$8,207.49**	**$8,453.71**	**$8,707.32**	**$8,968.54**
Total Operating Revenue	**23,574,917**	**24,874,668**	**25,973,134**	**26,711,331**	**27,506,509**	**29,728,496**	**30,620,351**	**31,538,962**	**32,485,131**	**33,459,684**
% Growth	*9.7%*	*5.5%*	*4.4%*	*2.8%*	*3.0%*	*11.3%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Total Operating Expenses	**17,410,834**	**17,903,270**	**18,282,013**	**18,556,348**	**18,757,962**	**20,406,378**	**21,018,570**	**21,649,127**	**22,298,601**	**22,967,559**
% Growth	*8.8%*	*2.8%*	*2.1%*	*1.5%*	*1.1%*	*10.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
EBITDARM	**6,164,083**	**6,971,399**	**7,691,121**	**8,154,983**	**8,748,546**	**9,322,118**	**9,601,782**	**9,889,835**	**10,186,530**	**10,492,126**
Less: Base Management Fee (5%)	1,178,746	1,243,733	1,298,657	1,335,567	1,375,325	1,486,425	1,531,018	1,576,948	1,624,257	1,672,984
EBITDAR	**4,985,337**	**5,727,665**	**6,392,465**	**6,819,416**	**7,373,221**	**7,835,693**	**8,070,764**	**8,312,887**	**8,562,274**	**8,819,142**
Plus: Investment Income	227,425	227,425	227,425	227,425	227,425	227,425	227,425	235,606	243,008	248,951
ADJUSTED EBITDAR	**5,212,762**	**5,955,090**	**6,619,890**	**7,046,841**	**7,600,646**	**8,063,118**	**8,298,189**	**8,548,493**	**8,805,281**	**9,068,093**
Operating Margin	*21.1%*	*23.0%*	*24.6%*	*25.5%*	*26.8%*	*26.4%*	*26.4%*	*26.4%*	*26.4%*	*26.4%*
Annual Senior Debt Service	3,654,600	3,654,600	3,654,600	3,654,600	3,654,600	3,087,233	3,654,600	4,389,600	4,395,500	4,388,400
SENIOR DSCR - FULLY SUBORDINATED FEES	**1.75x**	**1.97x**	**2.17x**	**2.29x**	**2.46x**	**3.09x**	**2.69x**	**2.31x**	**2.37x**	**2.45x**
SENIOR DSCR - WITH 5% MGMT FEE	**1.43x**	**1.63x**	**1.81x**	**1.93x**	**2.08x**	**2.61x**	**2.27x**	**1.95x**	**2.00x**	**2.07x**
Annual Senior + Tier 2 Debt Service	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000	1,299,879	1,430,000	1,495,000	1,497,850	1,494,600
COMBINED DSCR - FULLY SUBORDINATED FEES	**1.26x**	**1.42x**	**1.56x**	**1.65x**	**1.77x**	**2.18x**	**1.93x**	**1.72x**	**1.77x**	**1.83x**
COMBINED DSCR - WITH 5% MGMT FEE	**1.03x**	**1.17x**	**1.30x**	**1.39x**	**1.49x**	**1.84x**	**1.63x**	**1.45x**	**1.49x**	**1.54x**

**Source: Management*

HJ SIMS

Glenhaven Housing Foundation

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MEMORANDUM

TO: Barry W. Fick
Minnesota Health and Education Facilities Authority

FROM: Taft Stettinius & Hollister LLP

DATE: September 2, 2026

RE: Application of Integrated Senior Foundation for MHEFA Financing

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Taft Stettinius & Hollister LLP is acting as issuer's counsel to the Authority with respect to the proposed financing that is the subject of this memorandum. Kutak Rock LLP ("Bond Counsel") will be acting as borrower's counsel and bond counsel to the borrower. We have reviewed the Application dated August 11, 2026 of Integrated Senior Foundation, a California nonprofit public benefit corporation (the "Foundation"), which will be the sole member of ISF Minnesota Holdings LLC, a to-be-formed Minnesota limited liability company (the "Obligated Group Representative"), which, in turn, will be the sole member of ISF Delano LLC, ISF Marshall LLC, ISF Farmington LLC, ISF Mound LLC, ISF Edina LLC, ISF Brooklyn Park LLC, ISF Carver LLC, ISF East Bethel LLC, ISF Zimmerman LLC, ISF Apple Valley LLC, ISF Minneapolis LLC, and ISF Shakopee LLC, all to-be-formed Minnesota limited liability companies (the "Owners" and, collectively with the Foundation and the Obligated Group Representative, the "Obligated Group"), as the owners of the health care facilities described below.

We found the Application to be complete and satisfactory from a legal standpoint, subject to the following:

1. <u>Purpose</u>. The Application relates to financing a project relating to the following health care facilities (the "Project Facilities"):

(a) assisted living facilities located at 1350 St Peter Ave E, Delano, MN, known as Legacy of Delano, consisting of 51 units, to be owned and operated by ISF Delano LLC;

(b) assisted living facilities located at 207 North 4th Street, Marshall, MN, known as Heritage Pointe, consisting of 58 units, to be owned and operated by ISF Marshall LLC;

(c) assisted living facilities located at 22300 Denmark Ave, Farmington, MN, known as Legacy of Farmington, consisting of 70 units, to be owned and operated by ISF Farmington LLC;

(d) assisted living facilities located at 1861 Commerce Blvd, Mound, MN, known as Harrison Bay Senior Living, consisting of 72 units, to be owned and operated by ISF Mound LLC;

(e) assisted living facilities located at 7141 York Ave S, Edina, MN, known as Yorkshire of Edina, consisting of 96 units, to be owned and operated by ISF Edina LLC;

(f) assisted living facilities located at 5601 94th Ave N, Brooklyn Park, MN, known as Urbana Place Senior Living, consisting of 103 units, to be owned and operated by ISF Brooklyn Park LLC;

(g) assisted living facilities located at 920 6th St W, Carver, MN, known as Carver Ridge, consisting of 70 units, to be owned and operated by ISF Carver LLC;

(h) assisted living facilities located at 19131 Taylor St NE, East Bethel, MN, known as Cedar Creek Senior Living, consisting of 70 units, to be owned and operated by ISF East Bethel LLC;

(i) assisted living facilities located at 26369 2nd St E, Zimmerman, MN, known as Fremont Village Senior Living, consisting of 65 units, to be owned and operated by ISF Zimmerman LLC;

(j) assisted living facilities located at 5399 155th St W, Apple Valley, MN, known as Boden Senior Living Apple Valley, consisting of 64 units, to be owned and operated by ISF Apple Valley LLC;

(k) assisted living facilities located at 3733 23rd Ave S, Minneapolis, MN, known as Minnehaha Senior Living, consisting of 77 units, to be owned and operated by ISF Minneapolis, LLC;

(l) assisted living facilities located at 1880 Independence Dr, Shakopee, MN, known as All Saints Senior Living, consisting of 84 units, to be owned and operated by ISF Shakopee LLC;

The proposed project consists of a private placement of bonds with a financial institution to fund the costs of (i) acquisition, improvement, renovation, equipping, and furnishing, as applicable, of the Project Facilities; (ii) capitalized interest, if necessary; (iii) one or more reserve funds, if necessary; (iv) working capital; and (v) costs of issuance (collectively, the "Project").

2. Incomplete Items. The following items required by the Application are missing or incomplete:

A. Officers and Board Members of the Obligated Group. The Application names the officers of the Foundation, but does not include the officers for the other members of the Obligated Group or the board members of any members of the Obligated Group. However, by the resolution authorizing the submission of the Application, the Authority has been provided with the names of the five board members of the Foundation. Two of the five Board members are employees of JLL, which is acting as municipal advisor to the Foundation. It has also been suggested that JLL provide the financial analysis of the transaction to the Authority.

B. Evidence of Title. No evidence of title was submitted. The Obligated Group should provide title evidence for each Project Facility, in the form of a title commitment, attorney's title opinions, or owners and encumbrances reports and an updated as-built survey, plat map, plot plan or other property depiction for each Project Facility, prior to closing, which will need to be examined when received to confirm that the Owners will have good title to (or other suitable interest in) the Project Facilities upon closing the financing for and acquisition of the Project Facilities. The Obligated Group has indicated that surveys or plat maps and title evidence are being prepared. We will work with the Obligated Group and Bond Counsel to determine appropriate evidence of title.

C. Organizational Documents. The Foundation has provided its Articles of Incorporation and Bylaws. However, the Obligated Group Representative and Owners have not yet been formed and, therefore, we have not received copies of the organizational documents for those entities. The sole member, directly or indirectly, of each member of the Obligated Group is or will be the Foundation, a California nonprofit private benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). We have advised Bond Counsel, in its role as counsel to the Obligated Group, that we will require that all members of the Obligated Group have a registered office for service of process in the state and be qualified to do business in the state. We have also advised Bond Counsel that we will look to it for comfort that the borrower is a nonprofit health care organization located in the state in accordance with Minnesota Statutes, Section 15D.04, subd. 6a.

D. Resolutions. The Foundation has provided a resolution authorizing the submission of the Application which was adopted on September 1, 2026. Such resolution does not meet the requirements of a resolution declaring its official intent to reimburse and the Foundation has indicated that it does not expect to adopt such resolution. Rather, the Foundation has requested that official intent be declared by the Authority in its Application resolution.

E. Financial Information; Audited Financial Statements and Indebtedness. The Foundation has provided a preliminary sources and uses and certain financial information, but other items requested by the Application such as average length of stay and average days cash on hand were not submitted. We will work with the Obligated Group and Bond Counsel to obtaining the missing financial information prior to sale of the Authority's obligations.

The Foundation was formed in late 2024 and the other members of the Obligated Group are new entities to be formed. Therefore, the only financial statements that have been provided are those for other entities related to the Foundation. Nor has a list of existing outstanding indebtedness of the Foundation been provided. We will work with the Foundation and Bond Counsel to obtain this information prior to the closing of the transaction.

F. Environmental Reports. The Foundation has indicated that a Phase 1 environmental report will be prepared for each Project Facility and that any material findings related to environmental issues will be fully disclosed to the Authority, as well as any plans for Phase 2 reports.

G. Licensure. The licenses for each of the Project Facilities are held by the seller of the Project Facilities. The parties will work to transfer the requisite licenses to the applicable Owners prior to or as a condition of closing.

H. Health Care Services; Other Governmental Approvals. In the Application, the Foundation has generally described each of the Project Facilities as providing independent living services, assisted living services, and/or memory care services, as applicable. A more detailed description of the healthcare services provided at the Project Facilities was not provided. We will work with the Obligated Group and Bond Counsel to obtain that information. Because the Project involves the acquisition of health care facilities from their current owner, the Foundation has indicated that governmental approvals will involve a Change in Ownership filing with the Minnesota Department of Health ("MDH") and the satisfaction of certain requirements with the Minnesota Department of Human Services ("DHS"). The transfer of ownership of the Project Facilities is from a for-profit entity to a non-profit organization so the Foundation does not anticipate there to be a 120-day written notice to the MDH, DHS, or the Minnesota Attorney General's office.

3. $150 Million Limit on Tax-Exempt Non-Hospital Bonds Under Section 145(b) of Internal Revenue Code.

Code Section 145(b), prior to 1997, limited the aggregate amount of outstanding qualified 501(c)(3) non-hospital bonds from which any 501(c)(3) organization may benefit to $150 million. For purposes of this rule, two or more organizations under common management or control are treated as one organization. As noted in E. above, in addition to the Obligated Group, the Foundation is also related to other entities that own healthcare facilities in other states.

A 1997 amendment to Section 145(b) excludes from the $150 million limit tax-exempt non-hospital bonds issued after August 5, 1997 as part of an issue 95 percent or more of the net proceeds of which (including issuance costs) are to be used to finance capital expenditures incurred after that date. Because at least 95 percent of the proposed financing will finance capital expenditures incurred after August 5, 1997, the Project will be excluded from the limitation by reason of the 1997 amendment. We will confer with the Foundation and its counsel to confirm compliance with the $150 million limitation with respect to the proposed bonds.

Bond Counsel will be preparing the closing certificates, which we expect will include a debt schedule to ensure that the $150 million limit is satisfied. Because two or more organizations under common management or control are treated as one organization under Section 145(b)(3), the Authority should be furnished with a schedule of outstanding tax-exempt debt of not only the members of the Obligated Group but also any other organizations controlling, controlled by, or under common control with the Foundation.

4. Establishment of Religion. The Application indicates that the Foundation has no religious affiliations, does not receive support from any church body, no church body or religious order controls the election of any members or officers, no consent of any religious order or other corporation is needed prior to mortgaging its property or borrowing money, and there are no religious qualifications for admission of residents or for staff. On these facts, and under existing judicial interpretation of the Establishment of Religion Clause, we conclude that Authority financing of the Project proposed by the Obligated Group will not violate Establishment of Religion clause limitations. However, we expect that Bond Counsel will conduct due diligence to assure that, and the Obligated Group should confirm that, the actual operations of the Project Facilities to be financed with the proposed obligations will not be used primarily for sectarian purposes, such as a chapel, for religious services, or

contain religious symbols. In addition to constitutional concerns, the Authority's enabling law, as noted, specifically excludes facilities used for sectarian purposes or religious worship from permissible projects to be financed. Accordingly, the financing documents prepared by Bond Counsel should include provisions to the effect that no proceeds shall be expended for any facilities to be used primarily for sectarian purposes.

5. Rebate, Two-Year, 18-Month and Six-Month Spend-Down Exceptions. Based on the date of acquisition of the Project Facilities set out in the Application, it is anticipated that a rebate exception will apply to the expenditure of proceeds.

The following is a summary of each exception:

a. The Revenue Reconciliation Act of 1989 (the "1989 Act"), as amended by a technical corrections act in 1990, created a two-year exception (the "two year spend-down exception") from the requirement to pay arbitrage rebate for governmental and 501(c)(3) bonds which meet the definition of a "construction issue" – that is, a bond issue for which at least 75% of net proceeds will be expended for "construction expenditures." "Construction expenditures" are costs of construction chargeable to the capital account (other than expenditures for land or existing real property). Construction expenditures include costs of fixtures such as heating, ventilating and air conditioning and costs of equipment depreciated over a period of a year.

To comply with this exception, all available construction proceeds of the issue must be spent within two years from the date of closing on the bond issue: 10% within six months, 45% within one year, 75% within 18 months, and 95% to 100% within two years with an extension to three years for up to five percent retained from contractors. "Available construction proceeds" that must be spent on schedule generally include investment earnings, but exclude the amounts used to fund a reserve fund and issuance costs. Investment earnings on the reserve fund during the construction period must be spent on schedule for project costs, including interest but not principal on the revenue obligations or, if the Obligated Group so elects, must be rebated. Rebate would still be payable on reserve fund investment (to the extent the yield of the investments exceeds the bond yield) after the construction period, but the two year spend-down exception offers potential significant savings.

b. Under Treasury Department Regulations, a second exception was created for proceeds, including reasonably expected investment earnings as determined at closing, which are spent within the following periods from the date of closing on the bond issue: 15% within 6 months, 60% within 12 months, and 100% within 18 months, except for a *de minimis* amount or a reasonable retainage which must be spent within 30 months of the bond closing date. This exception is not limited to construction purposes.

c. The 1989 Act also created an exception for proceeds (whether for refunding, equipment, acquisition, or construction) that are spent in six months.

6. Reimbursement Regulations. The Internal Revenue Service has adopted rules for determining when an issuer may use bond proceeds to reimburse expenditures made before the proposed obligations are issued. As noted in D. above, the Foundation has not adopted, and does

not intend to adopt, a resolution declaring official intent to reimburse for expenditures related to the Project. Rather, the Foundation has requested that official intent be declared by the Authority in its Application resolution. Once such a resolution has been adopted, the Obligated Group can be reimbursed for Project expenditures paid (as opposed to incurred but not paid) prior to the bond closing. In addition, the Obligated Group may be reimbursed for certain preliminary expenditures and for amounts considered to be *de minimis.* We expect that Bond Counsel will work with the Foundation to identify any reimbursable costs and to protect the Obligated Group's ability to finance expenditures made before the proposed obligations are issued.

The Obligated Group must use proceeds from a bond issue to reimburse itself for prior expenditures within 18 months from the later of (i) the date that the original expenditure is paid or (ii) the date that an element of the Project Facilities is placed in service (but in no event more than three years after the original expenditure is paid). "Placed in service" means the date on which the project or facility has reached a degree of completion which would permit its operation at substantially its design level and it is in operation at such level. The Foundation should expect to be reimbursed from bond proceeds shortly after the closing.

7. Use of Project Facilities by Business Enterprises. If the Obligated Group has or will have a contract with a for-profit private enterprise to provide services in any of the Project Facilities, Bond Counsel will need to review the use and/or contract to ensure compliance with guidelines relating to private use established in the Internal Revenue Code and related regulations and in Revenue Procedures 2001-39, 2007-47, and 2017-13 (together, "Private Use Rules"). The Foundation has indicated that the Obligated Group will enter into a management agreement with a for-profit entity for the management of the Project Facilities, but that such management agreement will be a qualified management agreement under the Private Use Rules. Further, we expect that the Obligated Group will respond to a request for due diligence questionnaire and document production and verbal interviews that Bond Counsel will use to determine whether there is any "private use." Discovery of "private use" may necessitate that the Foundation use its own funds to finance the private use facility (and allocated common areas) and to follow the guidelines in the Private Use Rules to preserve tax-exempt financing for the rest of the financed facilities.

Section 145(a) of the Internal Revenue Code provides that no more than five percent of the net proceeds of an issue may be used by any person other than a 501(c)(3) organization or governmental unit, or in a trade or business unrelated to the exempt purposes of the University. Even if a service or other management contract, or use of parking or other proposed facilities, does not generate unrelated business income for the Foundation, such agreements may constitute "use" of facilities of the Foundation by a private (and nonexempt) entity which could render the bonds used to finance the facilities taxable. The Private Use Rules are lengthy and complex and will require careful review and application by Bond Counsel. The Private Use Rules require that the costs of issuance (a maximum of two percent payable from bond proceeds) to be counted against the five percent limit of private use, leaving only three percent available for other private use.

Subject to certain restrictions, the Private Use Rules would permit parts of the Project Facilities that are "used" by a private entity to be financed by tax-exempt bonds. Bond Counsel will need to examine the intended "use" of the Project Facilities to determine the applicable restrictions.

Any change in use or ownership of the Project Facilities or any portion thereof should be undertaken only with advice of bond counsel and, in some cases, advance arrangement of "remedial action" under Treasury Regulations Section 1.141-12.

8. Litigation. The Foundation has indicated there is no pending litigation that is uninsured and would have a material adverse financial impact if resolved against the Obligated Group. If there is any change in the status of litigation or claims, threatened or pending, prior to closing, the Foundation should promptly notify the Authority and Bond Counsel and provide a description of such litigation.

9. Working Capital. The Foundation has indicated that a portion of the proceeds of the obligations to be issued by the Authority will be used to finance working capital of the Obligated Group. The Code strictly limits the use of tax-exempt proceeds for working capital but an exception in Section 1.148-6(d)(3)(ii)(A)(5) of the U.S. Treasury Regulations exists if the use of such proceeds is not more than 5% if the amount of the proceeds. Bond Counsel should work with the Obligated Group to ensure that the amount of proceeds used for working capital will not exceed 5%.

10. Other Tax Matters. Bond Counsel will need to confer with the Obligated Group to confirm compliance with the requirements of the Code and U.S. Treasury Regulations applicable to tax-exempt obligations, such as those proposed in the Application to be issued by the Authority.

RESOLUTION RELATING TO
APPLICATION FOR
INTEGRATED SENIOR FOUNDATION

BE IT RESOLVED by the Minnesota Health and Education Facilities Authority as follows:

1. The Authority acknowledges receipt of the Application, dated August 11, 2026, of Integrated Senior Foundation, a California nonprofit public benefit corporation (the "Foundation"), as sole member of ISF Minnesota Holdings LLC, a to-be-formed Minnesota limited liability company (the "Obligated Group Representative"), as sole member of twelve to-be-formed Minnesota limited liability companies named below (the "Owners" and, with the Foundation and Obligated Group Representative, the "Obligated Group"), as the owners and operators of the twelve assisted living facilities named below, and exhibits thereto, including an Indemnity Agreement and an application fee in the amount of $1,000 (the "Application"), to finance costs of a project consisting of (i) the acquisition, improvement, renovation, equipping, and furnishing, as applicable, of the following health care facilities:

(a) assisted living facilities located at 1350 St Peter Ave E, Delano, MN, known as Legacy of Delano, consisting of 51 units, to be owned and operated by ISF Delano LLC;

(b) assisted living facilities located at 207 North 4th Street, Marshall, MN, known as Heritage Pointe, consisting of 58 units, to be owned and operated by ISF Marshall LLC;

(c) assisted living facilities located at 22300 Denmark Ave, Farmington, MN, known as Legacy of Farmington, consisting of 70 units, to be owned and operated by ISF Farmington LLC;

(d) assisted living facilities located at 1861 Commerce Blvd, Mound, MN, known as Harrison Bay Senior Living, consisting of 72 units, to be owned and operated by ISF Mound LLC;

(e) assisted living facilities located at 7141 York Ave S, Edina, MN, known as Yorkshire of Edina, consisting of 96 units, to be owned and operated by ISF Edina LLC;

(f) assisted living facilities located at 5601 94th Ave N, Brooklyn Park, MN, known as Urbana Place Senior Living, consisting of 103 units, to be owned and operated by ISF Brooklyn Park LLC;

(g) assisted living facilities located at 920 6th St W, Carver, MN, known as Carver Ridge, consisting of 70 units, to be owned and operated by ISF Carver LLC;

(h) assisted living facilities located at 19131 Taylor St NE, East Bethel, MN, known as Cedar Creek Senior Living, consisting of 70 units, to be owned and operated by ISF East Bethel LLC;

(i) assisted living facilities located at 26369 2nd St E, Zimmerman, MN, known as Fremont Village Senior Living, consisting of 65 units, to be owned and operated by ISF Zimmerman LLC;

(j) assisted living facilities located at 5399 155th St W, Apple Valley, MN, known as Boden Senior Living Apple Valley, consisting of 64 units, to be owned and operated by ISF Apple Valley LLC;

(k) assisted living facilities located at 3733 23rd Ave S, Minneapolis, MN, known as Minnehaha Senior Living, consisting of 77 units, to be owned and operated by ISF Minneapolis, LLC;

(l) assisted living facilities located at 1880 Independence Dr, Shakopee, MN, known as All Saints Senior Living, consisting of 84 units, to be owned and operated by ISF Shakopee LLC;

(ii) funding of capitalized interest, if necessary; (iii) funding one or more reserve funds, if necessary; (iv) funding working capital; and (v) funding costs of issuance (collectively, the "Project").

2. The facilities and improvements constituting the Project to be financed with revenue obligations to be issued by the Authority are hereinafter referred to as the "Project Facilities." All Project Facilities will be owned and operated by the Owners and are located at the addresses noted above.

3. The Executive Director, in consultation with the Chair of the Authority, selected a date for a public hearing to be held with respect to the Application in conjunction with a meeting of the Authority, and has caused notice of the public hearing to be given by posting electronically on the Authority's public website in an area used to inform the public of meetings of the Authority, no fewer than 10 days prior to the date of the hearing.

4. In accordance with Section 147(f) of the Internal Revenue Code and Rev. Proc. 2022-20, the Authority conducted a public hearing on September 9, 2026 on the proposal described in the Application to finance the Project, at which public hearing all parties who appeared in person or by toll-free teleconferencing, or who submitted written comments, were given an opportunity to express their views with respect to the proposal.

5. Officers of the members the Obligated Group have presented to the Authority information concerning the need for the Project, the feasibility of the Project, the financing schedule for the Project, and other matters concerning the Project, the Project Facilities, and the members of the Obligated Group.

6. The Executive Director of the Authority and Taft Stettinius & Hollister LLP, issuer's counsel to the Authority, have reviewed the Application and the exhibits thereto, and recommend that the Authority approve the Application as submitted, subject to the conditions herein set forth.

7. On the basis of the information contained in the Application and exhibits and orally presented to the Authority and to the Executive Director and the Authority's issuer's counsel and on the basis of the recommendations made, the Authority hereby finds and determines that:

(a) The sole member, directly or indirectly, of each member of the Obligated Group is or will be Integrated Senior Foundation, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Foundation, the Obligated Group Representative, and the Owners each have or will have a registered office for service of process in the State of Minnesota (the "State") and are or will be qualified to do business in the State.

(b) The Project as described in the Application is eligible for financing by the Authority and the Project Facilities are a "project" defined under Minnesota Statutes, Sections 15D.01 through 15D.18 (the "Act"), and any tax-exempt obligations will be "qualified 501(c)(3) bonds" under the Code.

(c) The Project Facilities are existing assisted living facilities and the Project will preserve and enhance the utilization of the Project Facilities for nonprofit health care purposes and will otherwise carry out the purposes and policies of the Act.

(d) The Obligated Group will lease residential facilities to tenants without unlawful discrimination in accordance with Minnesota Statutes, Section 363A.09.

(e) The Project Facilities will be available to the tenants thereof without unlawful discrimination in accordance with Minnesota Statutes, Section 363A.11.

(f) Issuance of the revenue obligations of the Authority will not provide financing for a facility used or to be used for sectarian instruction or as a place of religious worship or a facility which is used or to be used primarily in connection with any part of a program of a school or department of divinity for any religious denomination.

(g) The Project and issuance of revenue obligations appear feasible.

8. The Project and the financing thereof by the issuance of revenue obligations of the Authority in the maximum aggregate principal amount of $370,000,000 are therefore approved, provided that the Obligated Group shall furnish any items that are needed to complete the Application or that are reasonably required by the Authority's issuer's counsel or by bond counsel in order to deliver an unqualified opinion as to the validity of the revenue obligations and tax status of the interest on the revenue obligations.

9. There has not been disclosed to the Authority any material adverse change in the financial condition, operation or status of the members of the Obligated Group or in the Project Facilities or otherwise relating to the said Application that would affect the financing of the Project as proposed.

10. At the request and with the consent of the Foundation, the Executive Director of the Authority has recommended the selection of Barclays Capital Inc., as placement agent for the

revenue obligations (the “Placement Agent”), and Barclays Bank PLC, as initial purchaser of the revenue obligations.

11. The Executive Director shall direct bond counsel, or other legal counsel, to prepare for review by the Executive Director, the Authority’s issuer’s counsel, the Obligated Group, and the Placement Agent, all necessary bond documents (the “Bond Documents”), including a loan agreement, a trust indenture, a placement agent agreement, a continuing disclosure certificate, and all other documents deemed necessary or desirable consistent with the provisions of the proposed financing and substantially similar to the documents for revenue obligations most recently issued and sold by the Authority, but with appropriate changes.

12. Notwithstanding the foregoing provisions, the revenue obligations shall not be issued and delivered and the Bond Documents shall not be executed and delivered without the further action and approval and adoption of a Series Resolution with respect to the revenue obligations by the Authority.

13. Upon the recommendation of the Foundation, the Executive Director is authorized to select a Trustee for the revenue obligations, which shall also act as paying agent and registrar.

14. The Authority and the Foundation each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

15. The Obligated Group may, from time to time as it may deem necessary prior to the issuance of the Bonds, make expenditures with respect to the acquisition and carrying out of the Project. Amounts so expended by the Obligated Group may be repaid from proceeds of the Bonds, if and when the same are issued and delivered. For purposes of Section 1.150-2 of the federal income tax regulations, this resolution is intended to express the official intent of the Issuer to issue the Bonds to pay the costs of the Project and to reimburse costs of the Project incurred by the Obligated Group prior to the issuance of the Bonds.

[Signature page follows.]

Adopted: September 9, 2026.

MINNESOTA HEALTH AND
EDUCATION FACILITIES AUTHORITY

By ___________________________________
Chair

By ___________________________________
Secretary

Approved:_____________________________
Governor, State of Minnesota

Date Approved:_______________________

SECTOR COMMENT
8 September 2026

Send Your Feedback

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Higher Education – US

IRS proposal would revoke tax exemption for private colleges with race-based programs, a credit negative

On 3 September, the Department of the Treasury and the Internal Revenue Service (IRS) proposed rules that would remove federal tax-exempt status for higher education institutions offer admissions, financial aid and scholarships, and other school-supported programming that are determined to be racially discriminatory if they are based on race, color, or national or ethnic origin. The rules will be subject to a comment period before implementation on taxable years beginning on or after 31 May 2027. The Treasury Department estimates roughly 18,000 institutions could be affected.

The proposed rules are credit negative for the sector. The loss of federal tax exemption would both increase costs and dampen revenue. An affected college could be subject to federal income tax and lose the ability to issue tax-exempt debt, while donors would no longer be able to claim an individual tax deduction on philanthropic contributions.

The broad loss of tax-exemption across the sector is unlikely, as most colleges and universities would likely work to comply with the proposed rules. Adapting to the more salient possibility of losing tax-exemption, however, will raise compliance and legal costs for institutions as they work to interpret the rules and not be subject to an IRS enforcement action.

The proposed rules together, with other changes in federal and state higher education policies, continue to contribute to a heightened risk environment for US colleges and universities. Among other actions, the administration has worked to reduce diversity, equity, and inclusion (DEI) programs nationwide. In February 2025, the Department of Education published a Dear Colleague letter that directed all higher education institutions to end programs that are based on racial preferences and affinity or risk losing federal funding. The Department of Justice has also opened civil rights investigations of multiple universities examining if their admissions and financial aid policies were overly preferential to minority student populations.

The primary revenue effect would be changes to philanthropic support. The magnitude is unknown, but philanthropic giving to higher education will likely be reduced if donors are no longer able to claim a tax benefit on their gift. Gift revenue accounted for a median 6.6% of overall operating revenue for private colleges and universities in fiscal 2025, with a median $25.6 million in three-year average gift revenue for our rated institutions. Philanthropic gifts are also a vital source of capital funding for new academic, residential and athletic facilities across higher education, and a decrease in large gifts for capital projects could further stress the balance sheets and debt capacity of institutions operating in a difficult environment.

While the magnitude of paying federal income tax is somewhat uncertain, the loss of the ability to issue tax-exempt bonds would be substantially negative. The ability of nonprofit colleges and universities to sell tax-exempt bonds confers numerous credit-positive benefits, including lower borrowing costs and less market access and refinancing risk. Those advantages would be lost if the tax exemption is eliminated. Stripped of tax-exemption, an entity could ultimately have to absorb millions in additional debt service costs over the long term given the higher cost of capital of taxable debt. The impact of an IRS decision to revoke tax exemption from a university on outstanding tax-exempt bonds issued by the university is also unknown.

The IRS revoking the tax-exempt status of a higher education institution is exceedingly rare. In 1976, the IRS revoked Bob Jones University's tax-exempt status because of its policy banning interracial romantic relationships. The university regained tax-exempt status in 2017 after abandoning that policy years earlier.

Importantly, the final implementation of the proposed rules is uncertain. Legal challenges to the implementation of these rules are likely. Challenges to other higher education regulatory changes have been successful in court. In January 2026, the Department of Education dropped its efforts to implement the Dear Colleague letter after lawsuits were filed on free speech grounds. Similarly, efforts to cap indirect cost recovery rates for federally sponsored research ended after the administration did not appeal a court decision blocking the caps.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

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EMEA	44-20-7772-5454

MN Health and Education Facilities Authority

Budget vs. Actuals: Budget_FY27_Original - FY27 P&L

July 2026 - June 2027

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
Income				
4010 Annual Fee Income	11,967.81	602,000.00	590,032.19	98.01 %
4020 Application Fee Income		1,000.00	1,000.00	100.00 %
Total Income	**$11,967.81**	**$603,000.00**	**$591,032.19**	**98.02 %**
GROSS PROFIT	**$11,967.81**	**$603,000.00**	**$591,032.19**	**98.02 %**
Expenses				
6000 Stipends		4,950.00	4,950.00	100.00 %
6001 Board Travel		7,500.00	7,500.00	100.00 %
6002 Communications				
6002.01 Communications - Phones	195.93	4,000.00	3,804.07	95.10 %
6002.02 Communications - Internet		3,200.00	3,200.00	100.00 %
6002.03 Communications - Software		1,250.00	1,250.00	100.00 %
6002.04 Communications - Website		43,000.00	43,000.00	100.00 %
6002.05 Communications - Misc		6,000.00	6,000.00	100.00 %
Total 6002 Communications	**195.93**	**57,450.00**	**57,254.07**	**99.66 %**
6003 Staff Travel		25,000.00	25,000.00	100.00 %
6003.01 Staff Travel - General	12.69		-12.69	
Total 6003 Staff Travel	**12.69**	**25,000.00**	**24,987.31**	**99.95 %**
6004 Office Rent	4,359.46	55,000.00	50,640.54	92.07 %
6005 Office Supplies		2,500.00	2,500.00	100.00 %
6006 Repairs		500.00	500.00	100.00 %
6007 Printing Expense		8,000.00	8,000.00	100.00 %
6008 Periodicals/Memberships	6,245.00	18,000.00	11,755.00	65.31 %
6009 Fiscal Consultant Fees		61,600.00	61,600.00	100.00 %
6010 Audit Fees		22,900.00	22,900.00	100.00 %
6012 Legal & Legislative Fees	2,100.00	27,000.00	24,900.00	92.22 %
6013 Insurance Expense		2,750.00	2,750.00	100.00 %
6015 Miscellaneous Expense		2,000.00	2,000.00	100.00 %
6016 Bank Service Charges	212.81	3,000.00	2,787.19	92.91 %
6017 Conference Expenses		25,000.00	25,000.00	100.00 %
6018 Professional Development-Board		1,000.00	1,000.00	100.00 %
6020 Professional Development-STAFF		3,500.00	3,500.00	100.00 %
6021 IT				
6021.01 IT - Managed IT Services	704.16	10,000.00	9,295.84	92.96 %
6021.02 IT - Software	19,301.92	35,000.00	15,698.08	44.85 %
6021.03 IT - Consulting and Training		1,000.00	1,000.00	100.00 %
6021.04 IT - Misc		500.00	500.00	100.00 %
Total 6021 IT	**20,006.08**	**46,500.00**	**26,493.92**	**56.98 %**
6023 Postage/Delivery Expense		400.00	400.00	100.00 %
6100 Salaries	10,021.60	280,000.00	269,978.40	96.42 %
6101 Fringe Benefits	4,085.48	105,000.00	100,914.52	96.11 %
6104 Worker's Compensation		170.00	170.00	100.00 %

MN Health and Education Facilities Authority

Budget vs. Actuals: Budget_FY27_Original - FY27 P&L

July 2026 - June 2027

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
6107 Office Contract Work		500.00	500.00	100.00 %
Total Expenses	**$47,239.05**	**$760,220.00**	**$712,980.95**	**93.79 %**
NET OPERATING INCOME	**$ -35,271.24**	**$ -157,220.00**	**$ -121,948.76**	**77.57 %**
Other Income				
4000 Interest Income	8,739.25	85,000.00	76,260.75	89.72 %
4050 Unrealized Gain/Loss Adjustment on Sale	-641.87		641.87	
Total Other Income	**$8,097.38**	**$85,000.00**	**$76,902.62**	**90.47 %**
NET OTHER INCOME	**$8,097.38**	**$85,000.00**	**$76,902.62**	**90.47 %**
NET INCOME	**$ -27,173.86**	**$ -72,220.00**	**$ -45,046.14**	**62.37 %**

MN Health and Education Facilities Authority

Profit and Loss by Class

July, 2026-June, 2027

	Administration	Education	Health Care	Total
Income				
4010 Annual Fee Income		11,967.81		11,967.81
Total for Income		**11,967.81**		**$11,967.81**
Gross Profit		**11,967.81**		**$11,967.81**
Expenses				
6002 Communications				
6002.01 Communications - Phones	195.93			195.93
Total for 6002 Communications	**195.93**			**$195.93**
6003 Staff Travel				
6003.01 Staff Travel - General		12.69		12.69
Total for 6003 Staff Travel		**12.69**		**$12.69**
6004 Office Rent	4,359.46			4,359.46
6008 Periodicals/Memberships	6,245.00			6,245.00
6012 Legal & Legislative Fees		1,050.00	1,050.00	2,100.00
6016 Bank Service Charges	212.81			212.81
6021 IT				
6021.01 IT - Managed IT Services	704.16			704.16
6021.02 IT - Software	19,301.92			19,301.92
Total for 6021 IT	**20,006.08**			**$20,006.08**
6100 Salaries	10,021.60			10,021.60
6101 Fringe Benefits	4,085.48			4,085.48
Total for Expenses	**45,126.36**	**1,062.69**	**1,050.00**	**$47,239.05**
Net Operating Income	**-45,126.36**	**10,905.12**	**-1,050.00**	**-$35,271.24**
Other Income				
4000 Interest Income		8,739.25		8,739.25
4050 Unrealized Gain/Loss Adjustment on Sale		-641.87		-641.87
Total for Other Income		**8,097.38**		**$8,097.38**
Net Other Income		**8,097.38**		**$8,097.38**
Net Income	**-45,126.36**	**19,002.50**	**-1,050.00**	**-$27,173.86**