



MINNESOTA

HEALTH AND EDUCATION FACILITIES AUTHORITY

Listing of Mailout Material October 8, 2026

-  **Cover Memo**
-  **Meeting Agenda**

I.*Review and approve the minutes of the meeting of September 9, 2026*

-  **Minutes of September 9, 2026**

II.*Glenhaven Housing Foundation, Series 2026*

-  **Financing Plan Presentation – HJ Simms, Underwriter**
-  **Feasibility Study – CliftonLarsonAllen**
-  **Preliminary Plan of Finance – Marathon Capital Strategies, Municipal Advisor**
-  **Series Resolution – Fryberger, Bond Counsel**

III.*KingsPath/Target Housing/RightPath, Series 2026 Update*

-  **Resolution Approving 501(c)(3) Member Substitution – Kutak Rock, Bond Counsel**

IV.*Integrated Senior Foundation, Series 2026*

-  **Preliminary Plan of Finance – JLL Securities, Municipal Advisor**
-  **Financing Terms and Series Resolution – Taft, Bond Counsel**

V.*FY2026 Audit Results*

-  **Communication Letter**
-  **Basic Financial Statements**

VI.*University of St. Thomas Series 2022AB Highland Bridge Property Update*

VII.*Old Business*

VIII.*New Business*

-  **Private Placement Policy Update – Redlined and Clean Versions Included**

IX.*Other Business*

-  **September 2026 Budget vs Actual and P&L by Class**



MINNESOTA
HEALTH AND EDUCATION
FACILITIES AUTHORITY

860 BLUE GENTIAN ROAD SUITE 145, EAGAN, MN 55121

Phone: 651.296.4690 Fax: 651.297.5751

Date: October 2, 2026

To: Minnesota Health and Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: October 8, 2026 Authority Board Meeting Preview

Welcome to the October 2026 MHEFA Board meeting.

We have a bust meeting agenda for the October 2026 MHEFA Board meeting. We will review the finance plans and final documentation for two Healthcare transactions we have in process. We will receive a progress update on our first Healthcare transaction.

We will also receive the results of our Fiscal Year 2026 Audit. Ryan Engelstad from BerganKDV, our auditors, will be at the meeting to present the FY26 Audit and answer your questions.

The October 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.



MINNESOTA
HEALTH AND EDUCATION
FACILITIES AUTHORITY

Board Meeting Agenda

Thursday, October 8, 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 September 9, 2026
- II. Glenhaven Housing Foundation, Series 2026
 - Financing Presentation - HJ Simms, Underwriter
 - Preliminary Finance Plan – Marathon Capital Strategies, Municipal Advisor
 - Series Resolution – Fryberger, Bond Counsel
- III. KingsPath/Target Housing/Rightpath, Series 2026 Update
 - Resolution Approving 501 (c)(3) Member Substitution, KutakRock – Bond Counsel
- IV. Integrated Senior Foundation, Series 2026
 - Preliminary Finance Plan – JLL Securities, Municipal Advisor
 - Financing Terms and Series Resolution - Taft, Bond Counsel
- V. FY2026 Audit Results
- VI. University of St. Thomas Series 2022AB Highland Bridge Property Update
- VII. Old Business
- VIII. New Business
 - November and December Meeting Dates
 - Policy Updates – Private Placement Policy
- IX. 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: 390-569-502# or through this link: [https:// meeting.gomeet.com/390-569-502](https://meeting.gomeet.com/390-569-502)
MHEFA, Lower-Level Conference Room, 860 Blue Gentian Road, Eagan, MN 55121



MINNESOTA

HEALTH AND EDUCATION FACILITIES AUTHORITY

The Minnesota Health and Education Facilities Authority (the “Authority” or “MHEFA”) convened a Board meeting at 2:00 pm Central Daylight Time, Wednesday, September 9, 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 September 9, 2026 Board Actions Taken:

Motions:	Result:	Vote:
Approve the Meeting Minutes of August 12, 2026	Passed	Unanimous

Resolutions	Result:	Vote:
Resolution Approving Application for Financing from Integrated Senior 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 – IP
Bonnie Anderson Rons - IP
Ken Westphal – T
Erich Heppner - V
–Tim Rice - V
David Rowland – V
Mary Ives - V
Paul Cerkenik, MPCC – V

Absent: Martha Earley
Michelle Scott

Other Attendees: Mark LeMay, Consultant – IP
Larry Wiemer, WiHEFA – V
John Henningsgard, Piper Sandler – V
Elizabeth Blutstein, Quarles – V
Heather Schneider, Rogers Behavioral Health – V
Tommy Sandstrom, Katten – V

Marek Kowaleski, Kaufman Hall – V
Brett Edwards, HJ Sims – V
Brock Bagelman, HJ Sims – V
Mia Thibodeau, Fryberger – V
Tim O'Brien, Glenhaven Housing Foundation – V
Jenny Bolton, Kutak Rock – V
Catherine Courtney, Taft – V
Peter Cooper, Taft – V
Greg Fawcett, JLL – V
Alanna Ellis, JLL – V
Ryan Fesler, Integrated Senior Foundation – V
Bryan Ziebart, Integrated Senior 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 2:02 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 August 12, 2026, Board Meeting

The first action item on the agenda was the review and consideration of the minutes of the August 12, 2026 Authority Board meeting.

Chair Anderson Rons asked for a motion and second to the Minutes of the August 12, 2026 Board Meeting. Gary Benson moved to accept the meeting minutes. Ken Westphal seconded the Motion. Chair Anderson Rons asked if there were any changes or edits to the minutes. There were no suggested edits or changes to the minutes.

Chair Anderson Rons called for a vote regarding the approval of the August 12, 2026, minutes. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	Bonnie Anderson Rons	Yes

Ken Westphal	Yes
Erich Heppner	Yes
Mary Ives	Yes
David Rowland	Yes
Tim Rice	Yes

There were no votes against the motion and the Minutes of the August 12, 2026, MHEFA Board meeting were approved.

Agenda Item II – Rogers Memorial Hospital – Host Public Hearing

Chair Anderson Rons opened the public Hearing for Rogers Memorial Hospital, Inc. She then called on Barry Fick to provide introductory information about this item. Executive Director Fick noted that MHEFA is hosting a TEFRA Public Hearing for a project that is a component of a Wisconsin Health and Educational Facilities Authority (“WHEFA”) conduit financing for the Rogers Memorial Hospital, Inc.

The WHEFA financing for Rogers will allow them to refinance certain outstanding bonds, finance or reimburse various capital projects of Rogers, which are located in Wisconsin and Minnesota, and to finance issue costs. This public hearing hosted by MHEFA relates solely to the Minnesota facility that is included in the WHEFA financing for Rogers Memorial Hospital Inc.

Mr. Fick asked the Rogers Memorial Hospital, Inc. team to outline the project. Larry Wiemer, Executive Director of WHEFA, John Henningsgard, Piper Sandler, Elizabeth Blutstein, Quarles Law, and Heather Schneider, CFO, Rogers Behavioral Health each briefly discussed the project, noting that all except one of the projects being financed through WHEFA are located in Wisconsin.

This public hearing does not impose any liability, financial or otherwise, on the Authority or the State of Minnesota or any political subdivision thereof or in any way involve the Authority or the State of Minnesota or any political subdivision thereof in the issuance of the Bonds but is an accommodation by MHEFA to satisfy the requirements of Section 147(f) of the Code for the issuance of the Bonds by WHEFA.

Chair Anderson Rons asked if there were any questions from the public. There were no comments or questions from anyone participating in the Public Hearing. No written comments were received by the public or any other parties regarding the financing and public hearing.

Chair Anderson Rons closed the Public Hearing. No vote by MHEFA is required. Action on the financing request will be considered by WHEFA under their processes.

Agenda Item III – Integrated Senior Foundation Application for Financing

The next item on the agenda is consideration and action on an application for financing submitted by Integrated Senior Foundation (“ISF”). This meeting will include holding the official Public Hearing required under tax law. The Board will view a presentation by the Integrated Senior 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 October meeting of the Authority Board.

Chair Anderson Rons opened the public hearing for the Integrated Senior Foundation financing. Chair Anderson Rons called upon representatives of Integrated Senior Foundation, and the ISF Finance team members present to outline the proposed projects and discuss their financing application.

Gregg Fawcett and Alanna Ellis (both with JLL Advisors) introduced themselves and described the transaction.

ISF is requesting MHEFA issue revenue bonds or other obligations under a plan of financing on behalf 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”), the sole member of each of which will be ISF Minnesota Holdings LLC, a to-be-formed Minnesota limited liability company, the sole member of which will be Integrated Senior Foundation, a California nonprofit public benefit corporation (collectively with the Owners, the “Obligated Group”).

Under the proposal, the Authority would issue its revenue bonds or other obligations, in one or more series, in an original principal amount of up to approximately \$370,000,000 (the “Obligations”) to (i) finance the acquisition, improvement, renovation, equipping, and furnishing, as applicable, of the following facilities (collectively, the “Facilities”):

- approximately \$14,235,000 for 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;
- approximately \$18,600,000 for 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;
- approximately \$38,325,000 for 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;
- approximately \$26,815,000 for 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;
- approximately \$44,655,000 for 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;
- approximately \$40,570,000 for 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;
- approximately \$36,130,000 for 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;
- approximately \$34,130,000 for 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

In addition to MHEFA as the issuer, and Taft Stettinius & Hollister as Issuer’s Counsel, the ISF financing team includes Barclays as the Placement agent for the Revenue Bonds, McDermott Will & Schulte as counsel to Barclays, Kutak Rock as Bond and Borrower’s Counsel, UMB Bank as Trustee, CLA as the Feasibility consultant, Kensington CA, LLC as the borrowers financial advisor, and JLL Capital Markets as the borrowers real estate advisor.

The borrowing is anticipated to include multiple series of revenue bonds, issued under a master Trust Indenture. The terms and conditions of the financing structure are being discussed by the finance team and will be presented for Authority consideration at the October MHEFA Board meeting.

All the facilities are existing communities that are financially successful, providing quality care to residents. years. Their occupancy and financial operations are stabilized, with a mix of private pay and Medicaid residents.

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 ISF 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 Integrated Senior Foundation was closed.

Chair Anderson Rons asked Catherine Courtney of the Taft Law firm, who is serving as the Authority's Issuer Counsel for the Integrated Senior Foundation financing, to review the Issuer Counsel's Application Memorandum with the Board.

Ms. Courtney 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.

Ms. Courtney concluded the presentation and asked if there were questions. There were no questions from Board members or the public.

Chair Anderson Rons asked Ms. Courtney to review the Resolution Relating to the Application. Ms. Courtney 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 Authority Counsel.

The Resolution recites the actions taken by the Authority related to the Application and authorizes the Authority, Issuer Counsel, 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.

Ms. Courtney 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 Integrated Senior Foundation. A motion to approve the Resolution was made by David Rowland. The motion was seconded by Gary Benson.

Chair Anderson Rons asked if there were any questions about the Integrated Senior 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
Mary Ives	Yes
David Rowland	Yes

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

Agenda Item IV – Glenhaven Senior Foundation Financing Update

Executive Director Fick introduced Tim O'Brian and Brett Edwards to provide an update on the Glenhaven financing application which the Board approved at their August 2026 meeting. O'Brian and Edwards reviewed a general plan of finance for the project and updated Board members on the progress on document preparation. They noted that the team is making good progress and plans to bring the finance plan and final documentation to the Authority at the MHEFA October Board meeting.

Agenda Item V – 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 VI – New Business

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

Executive Director Fick reported that the Authority has an applicant for the open Board position of a person who is an employee or affiliated with a healthcare organization. We have a second person who is interested in the position. If that person applies, we need a process to recommend an applicant to the Governor's staff to be appointed.

Board members suggested have a sub-group of board members volunteer to conduct a verbal interview with the candidates and advise the Staff of the preferred candidate. Operations Manager Lee was asked to canvas board members and set up interviews with Board members interested in talking with the candidates.

Due to conflicts with the October 14 scheduled Board meetings, Staff asked if Board members would be able to adjust their schedules to have the October Board meeting on Thursday, October 8, 2026. Board members discussed their availability and there were board members who could attend

one, but not the other day. Operations Manager Lee was asked to canvas Board members to establish an October meeting date and determine if the October meeting can be moved to October 8, 2026.

The Authority will report on both the new business items to the Board as soon as possible.

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

Agenda VII – 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

We have scheduled several Moody's credit rating and update calls to take place during the rest of 2026. There are 6 schools (Augsburg, St. Ben, St. John, St. Catherine, St. Scholastica, and Gustavus) who will have rating agency update calls scheduled later in 2026.

Executive Director Fick conducted site visits with a Concordia College, Hamline University, and the College of St. Scholastica in August.

Executive Director Fick will be attending the Bond Buyer Infrastructure Conference in Chicago in early September. Both Authority staff members will attend the Central Association of College and University Business Officers (CACUBO) annual conference in Omaha in mid-September.

MHEFA will be exhibiting at the Minnesota Hospital Association ("MHA") Chief Financial Officer Annual meeting this fall. The goal of our participation is to inform MHA members of our Health Care financing ability, set up site visits with MHA members, as well as answer questions about MHEFA.

Moody's issued a Higher Education Sector Comment in early September on the Administration and the IRS proposal to revoke tax exemption for private colleges with race-based programs. Authority staff provided a copy of the Moody's Sector Comment with the meeting materials. The Treasury Department estimates roughly 18,000 institutions could be affected. Moody's notes that the proposed rules would be a credit negative for the Higher Sector.

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 Mary Ives with a second provided by Gary Benson. The Board acted by voice vote to adjourn the meeting at 3:36 pm, CDT.

Respectfully submitted,

Assistant Secretary

346 Bed Assisted Living and Memory Care Portfolio

KEYSTONE BLUFFS



DIAMOND WILLOW LESTER PARK



KEYSTONE BLUFFS



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

* 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.

Executive Summary

Executive Summary

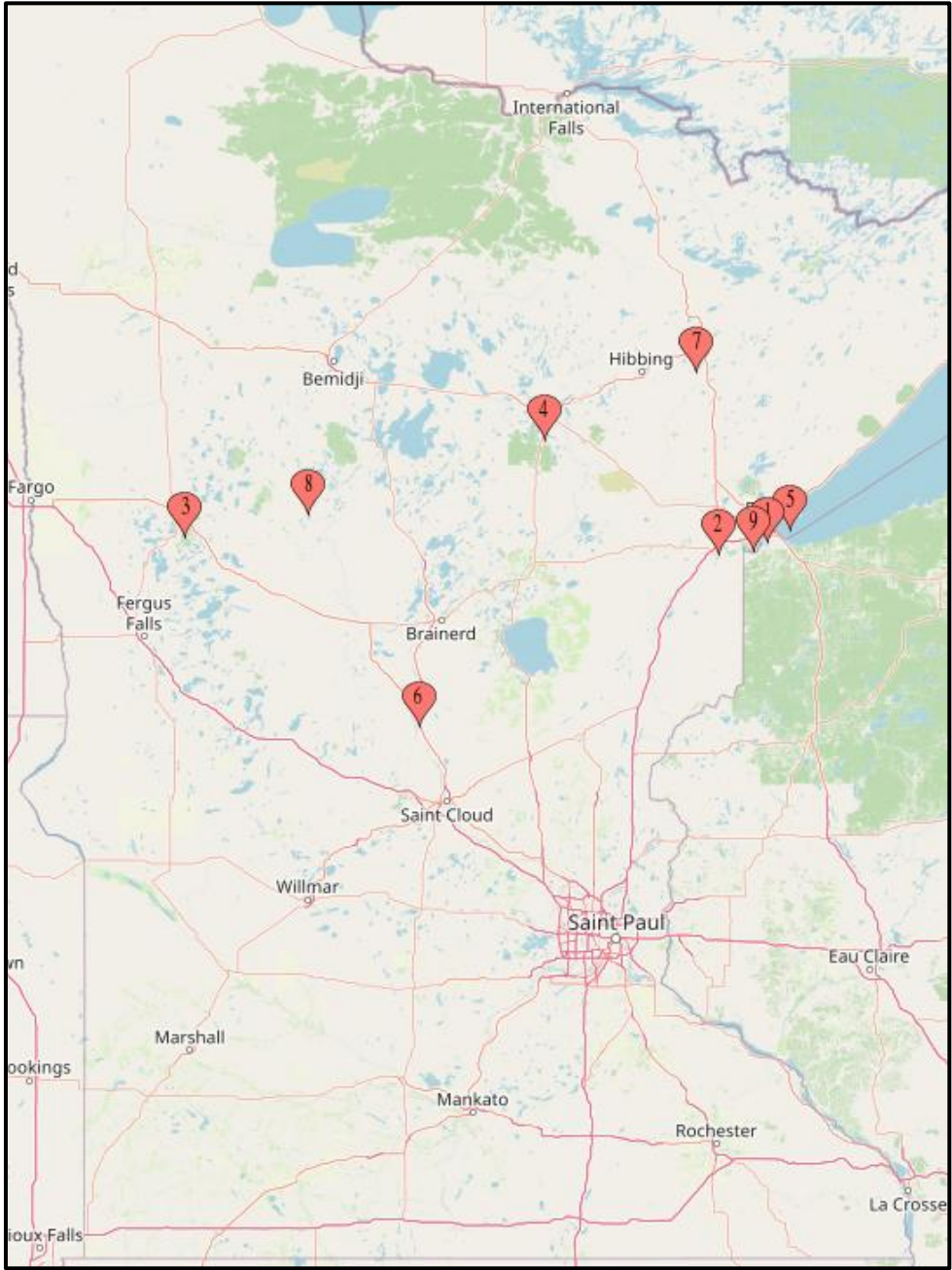
- Glenhaven Housing Foundation, Inc. (“Glenhaven” or the “Sponsor”) is acquiring a 9-community assisted living and memory care portfolio in Minnesota (the “Portfolio”)
- The Portfolio consists of stabilized performing assets with a mix of private pay and Medicaid residents, as summarized in the table 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 Portfolio



COMMUNITY	
1	Keystone Bluffs Assisted Living
2	Diamond Willow Cloquet
3	Diamond Willow Detroit Lakes
4	Diamond Willow Grand Rapids
5	Diamond Willow Lester Park
6	Diamond Willow Little Falls
7	Diamond Willow Mt. Iron
8	Diamond Willow Park Rapids
9	Diamond Willow Proctor

Appraisals & Feasibility Study

Appraisals

- Appraisals for the Portfolio were completed by Health Trust, a nationally recognized valuation firm in the senior living space

APPRAISAL SUMMARY			
	Purchase Price	"As-Is" Appraised Value	As "Stabilized" Appraised Value
Keystone Bluffs Assisted Living	20,247,743.00	20,900,000	21,100,000
Diamond Willow Cloquet	5,522,111.00	5,700,000	5,700,000
Diamond Willow Detroit Lakes	4,843,958.00	5,000,000	5,300,000
Diamond Willow Grand Rapids	5,231,474.00	5,400,000	5,400,000
Diamond Willow Lester Park	8,912,882.00	9,200,000	9,200,000
Diamond Willow Little Falls	8,525,365.00	8,800,000	8,800,000
Diamond Willow Mt. Iron	3,972,045.00	4,100,000	4,100,000
Diamond Willow Park Rapids	7,847,211.00	8,100,000	8,500,000
Diamond Willow Proctor	7,847,211.00	8,100,000	8,100,000
Total	72,950,000.00	75,300,000	76,200,000

Financial Feasibility Study – Forecasted Debt Service Coverage Ratios

FOR THE YEAR ENDING DECEMBER 31			
DEBT SERVICE COVERAGE RATIO (1)	2027	2028	2029
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	-2,074	-1,245	-1,108
NON-CASH ITEMS AND ADJUSTMENTS:			
Interest Expense Series 2026 Bonds	7,093	6,626	6,618
Amortization of Deferred Financing Costs	359	359	359
Amortization of Original Issue Discount	65	65	65
Depreciation	2,557	2,579	2,601
NET INCOME AVAILABLE FOR DEBT SERVICE	8,000	8,384	8,535
Add Back: Base, Deferred, Incentive, and Corporate Services Management Fees			
Base Management Fee	1,507	1,575	1,633
Deferred Management Fee	301	315	327
Incentive Management Fee	301	315	327
Corporate Services Management Fee	301	315	327
NET INCOME AVAILABLE FOR DEBT SERVICE, ALL MANAGEMENT FEES EXCLUDED	10,410	10,904	11,149
ANNUAL DEBT SERVICE SERIES 2026A BONDS	3,604	3,655	4,390
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	2.22x	2.29x	1.94x
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	2.89x	2.98x	2.54x
ANNUAL DEBT SERVICE SERIES 2026A BONDS & SERIES 2026B BONDS	5,014	5,065	5,885
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	1.60x	1.66x	1.45x
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	2.08x	2.15x	1.89x
ANNUAL DEBT SERVICE SERIES 2026 BONDS ⁽³⁾	6,115	6,202	7,002
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	1.31x	1.35x	1.22x
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	1.70x	1.76x	1.59x

Notes:

- (1) Covenants are presented based upon the assumed terms of the Series 2026 Bonds and the requirements of the Master Trust Indenture ("MTI") which are forecasted to be measured beginning in the year ending December 31, 2027. For purposes of annual compliance, the Obligated Group will be measured based upon the Debt Service Coverage Ratio for the Series 2026A Bonds and Series 2026B Bonds.
- (2) The Debt Service Coverage Ratio, excluding Management Fees is presented for informational purposes only.
- (3) The annual debt service presented for the all tranches of the Series 2026 Bonds is based upon the assumed debt amortization schedules for all series and reflects scheduled payments for the Series 2026C-1 Bonds and Series 2026C-2 Bonds.
- (4) Daily Operating Expenses is equal to the Adjusted Operating Expenses divided by 365.

Financial Feasibility Study – Forecasted Days Cash on Hand

AS OF DECEMBER 31,			
DAYS CASH ON HAND ⁽¹⁾	2027	2028	2029
Cash and Cash Equivalents	-	500	957
Development and Capital Expenditures Fund	200	200	200
Operating Reserve Fund	2,640	2,640	2,640
Repair and Replacement Fund	284	168	40
Operations and Maintenance Reserve Fund	2,347	2,427	2,513
Liquidity Support Fund	2,750	2,750	2,750
Surplus Fund	-	591	1,177
TOTAL CASH AND INVESTMENTS	8,221	9,276	10,277
 TOTAL OPERATING EXPENSES	 32,683	 33,243	 34,287
NON-CASH ADJUSTMENTS:			
Depreciation	-2,557	-2,579	-2,601
Credit Loss Expense			
Amortization of Deferred Financing Fees	-359	-359	-359
Amortization of Original Issue Discount	-65	-65	-65
ADJUSTED OPERATING EXPENSES	29,702	30,240	31,262
 DAILY OPERATING EXPENSES ⁽⁴⁾	 81.38	 82.85	 85.65
 NUMBER OF DAYS OF CASH ON HAND	 101	 112	 120

Notes:

- (1) Covenants are presented based upon the assumed terms of the Series 2026 Bonds and the requirements of the Master Trust Indenture ("MTI") which are forecasted to be measured beginning in the year ending December 31, 2027. For purposes of annual compliance, the Obligated Group will be measured based upon the Debt Service Coverage Ratio for the Series 2026A Bonds and Series 2026B Bonds.
- (2) The Debt Service Coverage Ratio, excluding Management Fees is presented for informational purposes only.
- (3) The annual debt service presented for the all tranches of the Series 2026 Bonds is based upon the assumed debt amortization schedules for all series and reflects scheduled payments for the Series 2026C-1 Bonds and Series 2026C-2 Bonds.
- (4) Daily Operating Expenses is equal to the Adjusted Operating Expenses divided by 365.

*Source: Management

Combined Historical & Forecasted Financial Summary

- As of October 5th (Monday) portfolio wide occupancy was 87.6% (303 total residents)

	2024	2025	Jul 2026 T12	Jul 2026 T6	Jul 2026 T3	Year 1	Year 2	Year 3	Year 4	Year 5
	Actual	Actual	Actual	Annualized	Annualized	Projections	Projections	Projections	Projections	Projections
Private Pay Census	132.8	125.8	132.9	139.3	144.4	143.7	143.7	143.7	143.7	143.7
Medicaid Census	148.5	152.1	156.7	156.9	151.9	167.2	167.2	167.2	167.2	167.2
Total Census	281.3	277.9	289.6	296.2	296.3	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%	83.7%	85.6%	85.6%	89.9%	89.9%	89.9%	89.9%	89.9%
Average Rate per Month	\$6,984.58	\$7,458.93	\$7,620.39	\$7,659.92	\$7,773.10	\$7,968.43	\$8,207.49	\$8,453.71	\$8,707.32	\$8,968.54
Total Operating Revenue	23,574,917	24,874,668	26,479,540	27,227,083	27,634,990	29,728,496	30,620,351	31,538,962	32,485,131	33,459,684
% Growth	9.7%	5.5%	6.5%	2.8%	1.5%	9.2%	3.0%	3.0%	3.0%	3.0%
Total Operating Expenses	17,410,834	17,903,270	18,484,769	18,620,920	18,981,624	20,406,378	21,018,570	21,649,127	22,298,601	22,967,559
% Growth	8.8%	2.8%	3.2%	0.7%	1.9%	9.6%	3.0%	3.0%	3.0%	3.0%
EBITDARM	6,164,083	6,971,399	7,994,771	8,606,163	8,653,366	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	1,323,977	1,361,354	1,381,750	1,486,425	1,531,018	1,576,948	1,624,257	1,672,984
EBITDAR	4,985,337	5,727,665	6,670,794	7,244,808	7,271,617	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	233,630	240,528	245,962
ADJUSTED EBITDAR	5,212,762	5,955,090	6,898,219	7,472,233	7,499,042	8,063,118	8,298,189	8,546,517	8,802,801	9,065,104
Operating Margin	21.1%	23.0%	25.2%	26.6%	26.3%	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	3,137,992	3,654,600	4,389,600	4,395,500	4,388,400
SENIOR DSCR - FULLY SUBORDINATED FEES	1.75x	1.97x	2.25x	2.42x	2.43x	3.04x	2.69x	2.31x	2.37x	2.45x
SENIOR DSCR - WITH 5% MGMT FEE	1.43x	1.63x	1.89x	2.04x	2.05x	2.57x	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	1,319,740	1,430,000	1,495,000	1,497,850	1,494,600
COMBINED DSCR - FULLY SUBORDINATED FEES	1.26x	1.42x	1.62x	1.74x	1.75x	2.14x	1.93x	1.72x	1.77x	1.83x
COMBINED DSCR - WITH 5% MGMT FEE	1.03x	1.17x	1.36x	1.47x	1.47x	1.81x	1.63x	1.45x	1.49x	1.54x

*Source: Management

Financing Overview

Estimated Sources and Uses of Funds*

SOURCES OF FUNDS	
Series 2026A - Senior Bonds	60,910,000
Series 2026B - Senior Subordinate Bonds (503 Capital)	13,000,000
Series 2026C-1 & 2026C-2 - Junior Subordinate Bonds (Seller)	13,140,000
Original Issue Discount	(648,566)
Total Sources of Funds	\$ 86,401,434

USES OF FUNDS	
Purchase Price	72,950,000
Capital Improvements	700,000
Operating Reserve Fund (45 Days of Operating Expenses)**	2,640,000
Capitalized Interest (45 Days of Interest)	626,868
Senior Bond Debt Service Reserve Fund	4,400,000
Senior Subordinate Bond Service Reserve Fund	1,497,850
Cost of Issuance	3,583,425
Misc/Rounding	3,291
Total Uses of Funds	\$ 86,401,434

* Preliminary, subject to change

** Approximately 45 days of operating expenses not including debt service

Security & Base Covenants

Security

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

Base Covenants

- Debt Service Coverage – 1.20x, tested annually beginning 12/31/2027
- Liquidity Covenant – Requirement of 60 Days initially, increasing to 75 Days, tested semi-annually
- Occupancy Covenant – 82.5% Occupancy

Key Terms of Liquidity Support Fund

- \$2,750,000 of cash funded at closing – provided by the seller
 - Will not be released until both the Series 2026A Senior Bonds and Series 2026B Bonds have been paid 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%

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.

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
 - Tier 2 Days Cash on Hand Covenant
- Incentive management fee of 1.0%, subject to the Portfolio meeting:
 - 1.30x debt service coverage
 - Tier 2 Days Cash on Hand Covenant
 - Tier 2 Occupancy covenant of 85%

Appendix: The Borrower & The Manager

Glenhaven Housing Foundation, Inc.

- Glenhaven Housing Foundation, Inc. (“Glenhaven”) is a non-profit organization seeking to acquire, support and expand affordable and high-quality seniors housing, skilled nursing , affordable housing and military housing communities
- Focusing on responsible financial management and operational excellence, Glenhaven supports its communities to drive long-term value and sustainability for residents, employees and local communities
- Glenhaven Housing Foundation is governed by a Board of Directors: Sami Rasromani, Nick Vigil, and Michael DiGiuseppe

<u>Name</u>	<u>Title</u>	<u>Occupation/Industry</u>
Sami Rasromani	Director	Managing Director, Jisr Investment Partners
Nick Vigil	Director	Insurance Agent, Vigilant Group, LLC
Michael DiGuissepe, DPM	Director	Physician, Kaiser Permanente

Glenhaven Housing Foundation, Inc.

Sami Rasromani, Director

Mr. Rasromani has over 25 years of experience in finance, strategy, investing, and operations, with a track record of executing more than \$1 billion in investments across real estate, private equity, venture capital, and public markets. He is currently Managing Partner of Jisr Investment Partners, an investment and financial advisory firm focused on private markets investing and cross-border capital deployment. Previously he was Managing Director at Centricus, a global investment firm, where he established the firm's US presence and closed \$500 million in transactions across real estate, technology, infrastructure, and media. Mr. Rasromani served as Director of Strategic Finance at The Decurion Corporation, a Los Angeles-based private holding company, where he helped build the real estate acquisition function and led over \$500 million in acquisitions while managing a \$25 million operating subsidiary. Earlier in his career he was an investment analyst at Wesley Capital, a real estate focused long/short hedge fund, and began his career in investment banking at Bear, Stearns & Co., where he advised on over \$5 billion in M&A and capital markets transactions. Mr. Rasromani holds a Bachelor of Science in Economics, cum laude, from Duke University, and the Chartered Financial Analyst (CFA) designation.

Nick Vigil, Director

Nick Vigil is the Founder of Vigilant Group an insurance brokerage and financial planning firm with more than 50 employees and agents focused on helping individuals navigate health and life insurance needs. Prior to forming Vigilant Group Mr. Vigil was an executive with American Public Life Insurance where he oversaw the company's network of broker partners in the Western United States. Prior to American Public Life Insurance Mr. Vigil has sales and executive roles with The Guardian Life Insurance Company of America, Colonial Life & Accident Insurance Company, Principal Financial Group, JP Morgan Chase Bank and Aflac. Mr. Vigil holds resident and non-resident insurance licenses in Arizona, California and Nevada.

Michael DiGiuseppe, Director

Dr. DiGiuseppe is a Southern California based podiatric physician and healthcare leader dedicated to improving quality of life through compassionate, accessible care. He earned his undergraduate degree from Loyola Marymount University before receiving a four-year scholarship to attend the Ohio College of Podiatric Medicine, graduating with honors in 2008. He completed his surgical residency through the Providence Health Care System, with extensive training across multiple Kaiser Permanente hospitals. Dr. DiGiuseppe currently serves as the Physician in Charge of Podiatry in Orange County and as the Southern California Regional Physician in Charge, providing leadership across 16 hospitals and serving approximately 5 million members. In these roles, he focuses on expanding access to care, improving patient outcomes, and implementing innovative system wide solutions that enhance both patient and provider experience. He is deeply committed to supporting underserved populations, including low-income individuals, veterans, and seniors who often face barriers to consistent healthcare and stable housing. His work emphasizes prevention, mobility, and restoring independence, with a broader focus on integrating healthcare, housing, and social support systems. Dr. DiGiuseppe believes strong communities are built through compassionate care, thoughtful resource allocation, and a commitment to serving those most in need. Dr. DiGiuseppe completed his undergraduate degree from Loyola Marymount University and graduate with honors from Ohio College of Podiatric Medicine.

Glenhaven Housing Foundation, Inc.

Peter Elwell, CFA, CPA (Inactive) President

Peter Elwell has more than a decade of healthcare real estate investment experience having served as Chief Investment Officer for 1031 CF Properties from 2017 to 2025 where he oversaw investments for a non-traded healthcare REIT and investments for 1031 exchange transactions. Mr. Elwell was the Chief Investment Officer for Summit Healthcare REIT, a non-traded REIT focused on senior housing investments. Mr. Elwell began his career in the Assurance practice of KPMG and is currently the Managing Director of DST investments for Medalist Diversified, Inc. (NASDAQ: MDRR). He has a BD from Salem State University, is a Chartered Financial Analyst.

Deron Colby, Secretary

Mr. Colby has 28+ years practicing law and managing several securities focused firms including the Newport Beach, California, office of a mid-sized firm located in New York. Mr. Colby has negotiated, structured and closed numerous mergers and acquisitions and has extensive experience in all aspects of SEC disclosure. He has negotiated and assisted in the raising of both private and public investments. Mr. Colby has extensive experience in real estate sales, acquisition, and commercial leases, including representing land owners, developers, and real estate investors. Mr. Colby has experience in land use issues including land use entitlements. Mr. Colby has represented clients in disputes before state and federal courts and a significant number of non-judicial forums from federal and state regulatory agencies to arbitrations and mediations. In the last few years Mr. Colby has focused his practice on a select group of core clients for which he acts as outside general counsel and provides business development services. Mr. Colby has acted as a securities expert in litigation matters, including matters involving the Sarbanes Oxley Act. Mr. Colby has a BA from California State University at Fullerton and completed law school at Western State University College of Law.

Timothy O'Brien, CFA, Vice-President

Mr. O'Brien serves as Treasurer of the Parent. Mr. O'Brien is also Co-Chief Executive Officer of Meridian, the co-founder for Book Hill Park, LLC and a board member of Philadelphia Mental Health Center, Inc., a nonprofit provider of psychological and psychiatric services to children. Mr. O'Brien is Vice President and Assistant Treasurer of Superior Living Foundation, Inc. a Maryland nonstock, nonprofit corporation. Mr. O'Brien is Chairman of the Advisory Board of Medalist Diversified REIT, Inc., a NADAQ listed company, and previously served as a director, special committee member and Chairman of the Board. Prior to forming Meridian Mr. O'Brien was Executive Vice President and Chief Investment Officer of NRF Healthcare Management, LLC. He was the principal officer involved in the sourcing, structuring, and financing of investments for the firm's proprietary investment strategy. Prior to joining NRF Healthcare's predecessor, Wakefield Capital Management, Inc. Mr. O'Brien served as a Senior Vice President in the real estate investment banking practice of Friedman, Billings, Ramsey & Co., Inc. ("FBR"). At FBR, he focused on providing investment banking services and strategic advisory services to public and private companies engaged in real estate, gaming, lodging, healthcare, and other asset-intensive businesses. Before joining FBR, Mr. O'Brien was an Associate in the Real Estate, Gaming, Lodging and Leisure investment banking practice at Bear, Stearns & Co. Inc. and he was Portfolio Manager with Lazard Frères Real Estate Investors, LLC. Mr. O'Brien began his investment banking career as an associate in the real estate investment banking practice of Morgan Keegan & Company, Inc. As an investment banker and institutional investor he has completed financing transactions including high-yield debt, mortgage financing, investment grade debt, public and private equity placement, mergers and acquisitions, special committee assignments, and financial restructurings. Mr. O'Brien is a Chartered Financial Analyst, received his MBA from UNC-Chapel Hill, has an MSBA in Accounting from the University of Maryland and received his Bachelor of Arts degree in Economics and Business from Randolph-Macon College.

Diamond Willow Management

- Glenhaven plans to engage Diamond Willow Management, the current manager, to operate the Portfolio through a long-term management agreement
- Diamond Willow Management was formed by its CEO, Dana Dallum, who has been involved in the management of the Portfolio for 19 years
- Diamond Willow's long-standing knowledge of the Portfolio and deep understanding of the local markets are vital to the success of the Portfolio.
- The Seller of the Portfolio, Twin Light Capital, will continue to own a minority interest in the management company following the sale of the Portfolio and continue to serve as an advisory and supportive resource

Ownership and Management History

2006-2011: A local Duluth-based ownership group developed the Diamond Willow assisted living and memory care communities around the northern half of Minnesota. The original ownership group also acquired Keystone Bluffs, the 100-bed assisted living community in Duluth, and two additional land parcels in Duluth (13 acres adjacent to Keystone Bluffs) and Fergus Falls (10 acres), for future/additional senior housing development.

2013: The portfolio was sold, and the 2013 buyer engaged a third-party operator.

2014: The third-party operator was terminated. The COO of the original ownership's operating team formed a new company, Full Circle Senior Living (based in Duluth), which leased and operated the Portfolio.

2019: The portfolio was sold to Twin Light Capital, the current owner, unencumbered by lease or management agreement. Twin Light Capital entered into a new third-party management agreement with Full Circle Senior Living to manage the portfolio communities, retaining the long-time management team.

2021: Amid the COVID-19 pandemic, the CEO of Full Circle Senior Living desired to pursue a new career in politics. The management agreement with Full Circle Senior Living was terminated. DWM was newly-formed by the long-time management controller, Dana Dallum, with an initial investment by Twin Light Capital. DWM was engaged as third-party management company for the portfolio's communities, simultaneous with the termination of Full Circle Senior Living.

2025/Current: Diamond Willow Management LLC remains engaged as the third-party management company for the entire MN portfolio. The CEO, Dana Dallum, is in her 19th year of managing this portfolio, through all changes of ownership, operation, and management.

Executive Leadership

Dana Dallum

Partner and Chief Executive Officer

Dana Dallum is Partner and Chief Executive Officer of Diamond Willow Management LLC, bringing more than 19 years of leadership experience within the Diamond Willow portfolio of senior living communities. Since joining the organization in 2006 as its first lead accountant, when the portfolio comprised only a handful of developing properties, Dana has been instrumental in shaping its growth into a trusted and regionally-recognized provider of quality assisted living and memory care services. Her career has been defined by a deep commitment to residents, families, and team members, and by her ability to navigate the evolving regulatory and reimbursement environments that define the senior housing landscape. Under Dana's leadership, Diamond Willow employs more than 400 people across the state of Minnesota, and the company has developed a culture grounded community, compassion, accountability, and continuous improvement. Dana has guided the company's strategic expansion, strengthened operational systems, and developed a leadership team dedicated to advancing the organization's mission of creating communities where residents and team members alike experience belonging, purpose, and fulfillment. A lifelong Duluthian, Dana takes pride in serving Minnesota seniors and leading an organization that blends excellence in care with genuine community connection.

Landon Blais

Controller

Landon Blais serves as the Controller at Diamond Willow Management, with extensive experience in financial statement preparation, payroll, and bookkeeping oversight. Prior to joining Diamond Willow Management, Landon held accounting positions with Costco Wholesale and Superior Lidgerwood Mundy. Landon holds a Bachelor of Accountancy from the University of Minnesota Duluth. He brings a strong attention to detail, analytical mindset, and commitment to accuracy to his role, excelling in financial reporting, account reconciliation, payroll processing, accounts payable, accounts receivable management, and financial statement analysis. Known for being organized, dependable, and detail-oriented, Landon takes a thoughtful and thorough approach to financial management and supports the organization with accurate, timely, and reliable accounting practices.

Executive Leadership

Heather Hitchcock, LALD

Western MN Regional Operations Director

Heather Hitchcock brings over two decades of healthcare experience and more than twelve years in senior living leadership to her role as Regional Operations Director at Diamond Willow Management. A Licensed Assisted Living Director ("LALD") and Licensed Practical Nurse ("LPN"), Heather has spent her career supporting residents, families, and care teams across multiple levels of service, from direct resident care to clinical coordination and operational leadership. Before joining Diamond Willow Management, Heather served as Resident Services Coordinator at Heritage Living Center in Park Rapids, Minnesota, where she oversaw admissions, care planning, staff training, and quality assurance initiatives that enhanced both resident outcomes and staff engagement. Heather's extensive background spans clinical care, staffing coordination, and administrative management in long-term and assisted living settings. Known for her compassionate leadership and deep understanding of regulatory compliance, she focuses on fostering supportive, well-trained teams that provide exceptional care in safe, welcoming environments. Her collaborative approach ensures that each community within her region operates efficiently while upholding the highest standards of dignity, safety, and service for residents and their families.

Jenny Sailer, LALD

Eastern MN Regional Operations Director

Jenny Sailer is an experienced Registered Nurse ("RN"), Licensed Assisted Living Director ("LALD"), and healthcare leader with a strong background in skilled nursing, long-term care, and assisted living management. As Regional Operations Director, Jenny leverages her clinical expertise and leadership skills to support community operations, regulatory compliance, and quality improvement initiatives across Diamond Willow's senior living portfolio. Prior to joining Diamond Willow Management, Jenny served as Northern Region Admission Nurse for Monarch Healthcare Management, overseeing admissions and insurance coordination for multiple facilities and fostering strong relationships with hospital discharge planners, families, and referral partners. With a proven record of leading multidisciplinary teams, Jenny has also served as RN Manager, Admissions Coordinator, and Facility Educator, roles in which she guided staff development, maintained regulatory standards, and implemented person-centered care practices. Jenny's extensive background in direct resident care and administrative oversight gives her a unique perspective on balancing clinical excellence with operational success. Dedicated to enhancing resident well-being and family satisfaction, she embodies the mission of providing compassionate, professional care within every Diamond Willow community.

**THE OBLIGATED GROUP OF GHF MN, LLC AND
CONSOLIDATED SUBSIDIARIES**

FEASIBILITY STUDY

**FOR THE PERIODS ENDING
DECEMBER 31 2026 THROUGH 2029**

DRAFT (10.02.26)

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INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
Glenhaven Housing Foundation, Inc.
[REDACTED], Wyoming

We have prepared a financial feasibility study (the "Study") of the plans of the Obligated Group of GHF MN, LLC (the "Borrower") and Subsidiaries (the "Obligated Group") to meet its operating requirements, working capital needs and other financial requirements associated with its plans to acquire nine assisted living and memory care communities (the "Communities") with the proceeds of the proposed issuance of \$60,910,000 Minnesota Health Education Facilities Authority Senior Living Revenue Bonds (Glenhaven Minnesota Project), Senior Series 2026A (the "Series 2026A Bonds").

The Communities are being sold by Twin Light Capital, LLC, that own the respective properties (collectively, the "Sellers") and are currently managed and will continue to be managed by Diamond Willow Management (the "Manager"). The Borrower and Manager are collectively referred to as "Management".

The Borrower's underwriter, Herbert J. Sims & Company, Inc. (the "Underwriter") has indicated the following planned structure and terms of the Series 2026 Bonds. The responsibility for payment of the debt service on the Series 2026 Bonds is solely that of the Borrower.

- Series 2026A Bonds (Senior Tax-Exempt): \$60,910,000 of tax-exempt fixed-rate term bonds with a maturity date of November 1, 2036, annual principal payments are forecasted to begin on November 1, 2029 and semi-annual interest payments are forecasted to begin on May 1, 2027 at an interest rate of 6.00%;
- Series 2026B Bonds (Subordinate Tax-Exempt): \$13,000,000 of tax-exempt fixed rate bonds with a maturity date of November 1, 2036 and annual principal payments are forecasted to begin on November 1, 2029 and monthly interest payments are forecasted to begin on May 1, 2027 at an interest rate of 11.0%;
- Series 2026C-1 Bonds (Subordinate Tax-Exempt): \$11,015,000 of tax-exempt fixed rate bonds with a maturity date of November 1, 2036. The Series 2026C-1 Bonds are forecasted to have semi-annual interest payments beginning on May 1, 2027 at an interest rate of 8.50%. The Series 2026C-1 Bonds forecasted principal is due in full on November 1, 2036; and
- Series 2026C-2 Bonds (Taxable): \$2,125,000 of taxable fixed rate bonds with a maturity date of November 1, 2036. The Series 2026C-2 Bonds are forecasted to have semi-annual interest payments assumed to begin on May 1, 2027 at an interest rate of 8.50%. The Series 2026C-2 Bonds forecasted principal is due in full on November 1, 2036.
- The Series 2026B Bonds are also forecasted with an assumed original discount of approximately \$648,000.

The Series 2026A Bonds, Series 2026B Bonds, Series 2026C-1 Bonds, and Series 2026C-2 Bonds are collectively referred to as the “Series 2026 Bonds”.

The proceeds of the Series 2026 Bonds are planned to be used to, among other things:

- Pay for acquisition related costs;
- Fund certain capital expenditures and pre-development costs;
- Fund a Debt Service Reserve Fund for the Series 2026A Bonds and Series 2026B Bonds;
- Fund an Operating Reserve Fund;
- Fund a Capitalized Interest Fund; and
- Pay legal and issuance costs associated with the Series 2026 Bonds.

Our procedures included analysis of:

- The Borrower’s objectives, timing and financing;
- Future demand for the Borrower’s services, including consideration of:
 - Economic and demographic characteristics of the defined primary market areas of the Communities;
 - Locations, capacities and competitive information pertaining to other existing and planned communities in the Communities’ primary market areas; and
 - Forecasted occupancy and utilization levels of the Communities.
- Management’s estimated costs associated with the Communities, as well as its annual capital expenditures budget;
- Debt service requirements and estimated financing costs of the Series 2026 Bonds;
- Staffing requirements, salaries and wages, related fringe benefits and other operating expenses of the Borrower;
- Anticipated monthly service fees for the Communities’ residents;
- Sources of other operating and non-operating revenues; and
- The Borrower’s revenue, expense and value/utilization relationships.

Management’s “Summary of Significant Forecast Assumptions and Accounting Policies” sets forth significant assumptions on which the accompanying forecasted consolidated financial statements are based. These assumptions are integral and essential to an understanding of the forecasted consolidated financial statements.

The accompanying consolidated financial forecast of the Borrower as of and for each of the periods ending December 31, 2026 through December 31, 2029 (the “Forecast Period”) is based upon assumptions provided by or reviewed with and approved by Management. The Study includes the following financial statements:

- Forecasted Consolidated Statement of Operations and Changes in Net Deficits;
- Forecasted Consolidated Statements of Cash Flow; and
- Forecasted Consolidated Balance Sheets.

In addition, Management has presented a Forecasted Consolidated Schedule of Financial Ratios for the years ending December 31, 2027 through 2029.

We have examined the accompanying forecast of the Borrower, which comprises the forecasted consolidated balance sheets as of December 31, 2026, 2027, 2028, and 2029 and the related forecasted consolidated statements of operations and changes in net deficits, and forecasted consolidated cash flows for the periods then ending, based on the guidelines for the presentation of a forecast established by the AICPA. The Borrower's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of owners and operators of senior living communities, including revenues and expenses of facilities, such as the Borrower. The financial forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Borrower's operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Management's financial forecast is based on the achievement of occupancy levels as determined by Management. We have not been engaged to evaluate the management's effectiveness and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

The interest rates, principal payments, and other financing assumptions are described in the section entitled "Summary of Significant Forecast Assumptions and Accounting Policies". If actual interest rates, principal payments, or funding requirements are different from those assumed, the amount of the Series 2026 Bonds and associated debt service requirements would need to be adjusted accordingly from those indicated in the forecast. If such interest rates, principal payments, and funding requirements are lower than those assumed, such adjustments would not adversely affect the forecast.

Our conclusions are presented below:

- The accompanying forecast indicates that sufficient funds can be generated to meet the Borrower's operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the Series 2026A Bonds during the Forecast Period. However, the achievement of any forecast is dependent upon future events, the occurrence of which cannot be assured.
- In our opinion, the accompanying forecast is presented in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for Management's forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Management has conducted sensitivity analyses on selected significant assumptions which it believes are particularly subject to variation. The sensitivity analyses are presented beginning on page C- of Management's "Summary of Significant Forecast Assumptions and Accounting Policies" and estimate the impact on the Borrower's forecasted debt service coverage ratio and liquidity ratios as a result of various sensitivity analyses. Management has conducted these sensitivity analyses on its financial forecast which are presented for purposes of additional analysis and are not a required part of the financial forecast. These sensitivity analyses have not been subjected to procedures applied in the examination of a financial forecast and, accordingly, we express no opinion or any other form of assurance on them.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

Charlotte, North Carolina

REPORT DATE

THE OBLIGATED GROUP OF GHF MN, LLC AND CONSOLIDATED AFFILIATES
FORECASTED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET
DEFICITS
FOR THE PERIODS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2026	2027	2028	2029
OPERATING REVENUE				
Net Resident Service Revenue				
Rental Resident Service Revenue	\$ 4,124	\$ 29,321	\$ 30,661	\$ 31,784
Net Resident Service	83	581	604	628
Other Revenue	36	232	241	250
Investment Income	59	475	492	517
Total Operating Revenue	4,302	30,609	31,998	33,179
OPERATING EXPENSE				
Salaries	1,832	13,256	13,852	14,476
Payroll Taxes	182	1,269	1,326	1,386
Benefits	68	471	492	514
Utilities	146	1,001	1,041	1,082
Repairs & Maintenance	55	331	345	359
Food Cost	173	1,176	1,223	1,272
Contract Services	38	258	268	279
Supplies	86	584	607	632
Advertising & Marketing	31	209	218	226
General & Administrative	128	866	900	936
Insurance	97	664	690	718
Credit Loss	21	144	150	156
Property Taxes	58	394	406	418
Base Management Fee	212	1,507	1,575	1,633
Deferred Management Fee	42	301	315	327
Incentive Management Fee	42	301	315	327
Corporate Services Management Fee	42	301	315	327
Interest Expense	543	7,093	6,626	6,618
Depreciation	380	2,557	2,579	2,601
Total Operating Expense	4,176	32,683	33,243	34,287
OPERATING INCOME (LOSS)	126	(2,074)	(1,245)	(1,108)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	126	(2,074)	(1,245)	(1,108)
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTION	126	(2,074)	(1,245)	(1,108)
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTION, BEGINNING	-	126	(1,948)	(3,193)
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTION, ENDING	\$ 126	\$ (1,948)	\$ (3,193)	\$ (4,301)

Note: Results for the period ending December 31, 2026 represent the forecasted operating results from the Closing Date, herein as November 6, 2026 through December 31, 2026.

THE OBLIGATED GROUP OF GHF MN, LLC AND CONSOLIDATED AFFILIATES
FORECASTED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2026	2027	2028	2029
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Deficit Without Donor Restriction	\$ 126	\$ (2,074)	\$ (1,245)	\$ (1,108)
Adjustments to Reconcile Change in Net Deficit Without Donor Restriction to Net Cash Provided by Operating Activities:				
Depreciation	380	2,557	2,579	2,601
Amortization of Deferred Financing Fees	54	359	359	359
Amortization of Original Issue Discount	10	65	65	65
Changes in Operating Assets:				
Accounts Receivable, Net	(1,502)	(353)	(79)	(76)
Prepaid Expenses and Other	(304)	(9)	(12)	(14)
Changes in Operating Liabilities:				
Accounts Payable	268	9	11	12
Accrued Salaries, Wages and Benefits	575	18	23	26
Accrued Deferred Management Fee	42	7	(49)	-
Accrued Incentive Management Fee	42	301	(343)	-
Accrued Interest - Series 2026A Bonds	270	339	-	(7)
Accrued Interest - Series 2026B Bonds	127	(8)	-	-
Accrued Interest - Series 2026C-1 Bonds	69	87	-	-
Accrued Interest - Series 2026C-2 Bonds	13	17	-	-
Deferred Series 2026C-1 and 2026C-2 Interest	-	1,101	204	282
Net Cash Provided by Operating Activities	170	2,416	1,513	2,140
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(44)	(310)	(324)	(336)
Acquisition Cost	(72,950)	-	-	-
Change in Debt Service Reserve Fund	(5,898)	-	-	-
Change in Development and Capital Expenditures Fund	(200)	-	-	-
Change in Operating Reserve Fund	(2,640)	-	-	-
Change in Funded Interest Fund	(627)	627	-	-
Change in Repair and Replacement Fund	(456)	172	116	128
Change in Operations and Maintenance Reserve Fund	(170)	(2,177)	(80)	(86)
Change in Surplus Fund	-	-	(591)	(586)
Change in Liquidity Support Fund	(2,750)	-	-	-
Changes in Bond Fund - Series 2026A Bonds	-	(609)	(123)	(1)
Changes in Bond Fund - Series 2026B Bonds	-	(119)	(11)	(2)
Net Cash Used by Investing Activities	(85,735)	(2,416)	(1,013)	(883)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of Financing Costs on Series 2026 Bonds	(3,587)	-	-	-
Proceeds from Series 2026A Bonds (Senior Tax-Exempt)	60,910	-	-	-
Proceeds from Series 2026B Bonds (Subordinate Tax-Exempt)	13,000	-	-	-
Proceeds from Series 2026C-1 Bonds (Subordinate Tax-Exempt)	11,015	-	-	-
Proceeds from Series 2026C-2 Bonds (Subordinate - Taxable)	2,125	-	-	-
Original Issue Discount	(648)	-	-	-
Liquidity Support Fund Obligation	2,750	-	-	-
Principal Payments on Series 2026 Bonds	-	-	-	(800)
Net Cash Provided (Used) by Financing Activities	85,565	-	-	(800)
CHANGE IN CASH AND CASH EQUIVALENTS	-	-	500	457
Cash and Cash Equivalents - Beginning	-	-	-	500
CASH AND CASH EQUIVALENTS - ENDING	\$ -	\$ -	\$ 500	\$ 957
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest, Net of Capitalized	\$ -	\$ 3,604	\$ 3,655	\$ 3,655

Note: Results for the period ending December 31, 2026 represent the forecasted operating results from the Closing Date, herein as November 6, 2026 through December 31, 2026.

THE OBLIGATED GROUP OF GHF MN, LLC AND CONSOLIDATED AFFILIATES
FORECASTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2026	2027	2028	2029
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 500	\$ 957
Accounts Receivable, Net	1,502	1,855	1,934	2,010
Prepaid Expenses and Other Assets	304	313	325	339
Current Portion of Assets Limited as to Use	-	728	862	865
Total Current Assets	1,806	2,896	3,621	4,171
ASSETS LIMITED AS TO USE				
Debt Service Reserve Fund	5,898	5,898	5,898	5,898
Development and Capital Expenditures Fund	200	200	200	200
Operating Reserve Fund	2,640	2,640	2,640	2,640
Funded Interest Fund	627	-	-	-
Repair and Replacement Fund	456	284	168	40
Operations and Maintenance Reserve Fund	170	2,347	2,427	2,513
Liquidity Support Fund	2,750	2,750	2,750	2,750
Surplus Fund	-	-	591	1,177
Bond Fund - Series 2026A Bonds	-	609	732	733
Bond Fund - Series 2026B Bonds	-	119	130	132
Total Assets Limited as to Use	12,741	14,847	15,536	16,083
Less: Current Portion Shown Above	-	(728)	(862)	(865)
Assets Limited as to Use, Net of Current Portion	12,741	14,119	14,674	15,218
PROPERTY AND EQUIPMENT				
At Cost	72,994	73,304	73,628	73,964
Less: Accumulated Depreciation	(380)	(2,937)	(5,516)	(8,117)
Total Property and Equipment, Net	72,614	70,367	68,112	65,847
Total Assets	\$ 87,161	\$ 87,382	\$ 86,407	\$ 85,236
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Accounts Payable	\$ 268	\$ 277	\$ 288	\$ 300
Accrued Salaries, Wages and Benefits	575	593	616	642
Accrued Interest - Series 2026A Bonds	270	609	609	602
Accrued Interest - Series 2026B Bonds	127	119	119	119
Accrued Interest - Series 2026C-1 Bonds	69	156	156	156
Accrued Interest - Series 2026C-2 Bonds	13	30	30	30
Deferred Series 2026C-1 and 2026C-2 Interest	-	1,101	1,305	1,587
Accrued Deferred Management Fee	42	49	-	-
Accrued Incentive Management Fee	42	343	-	-
Current Maturities on Long-Term Debt	-	-	800	860
Total Current Liabilities	1,406	3,277	3,923	4,296
LONG-TERM LIABILITIES				
Series 2026A Bonds (Senior Tax-Exempt)	60,910	60,910	60,175	59,390
Series 2026B Bonds (Subordinate Tax-Exempt)	13,000	13,000	12,935	12,860
Series 2026C-1 Bonds (Subordinate Tax-Exempt)	11,015	11,015	11,015	11,015
Series 2026C-2 Bonds (Subordinate - Taxable)	2,125	2,125	2,125	2,125
Original Issue Discount	(638)	(573)	(508)	(443)
Deferred Financing Fees	(3,533)	(3,174)	(2,815)	(2,456)
Liquidity Support Fund Obligation	2,750	2,750	2,750	2,750
Total Long-Term Liabilities	85,629	86,053	85,677	85,241
Total Liabilities	87,035	89,330	89,600	89,537
NET ASSETS (DEFICIT)				
Net Assets (Deficit) Without Donor Restrictions	126	(1,948)	(3,193)	(4,301)
Total Net Assets (Deficit)	126	(1,948)	(3,193)	(4,301)
Total Liabilities and Net Assets	\$ 87,161	\$ 87,382	\$ 86,407	\$ 85,236

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and
Independent Accountant's Report
(C-5)

THE OBLIGATED GROUP OF GHF MN, LLC AND CONSOLIDATED AFFILIATES
FORECASTED SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS, EXCEPT RATIOS)

FOR THE YEAR ENDING DECEMBER 31,			
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	2027	2028	2029
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	\$ (2,074)	\$ (1,245)	\$ (1,108)
NON-CASH ITEMS AND ADJUSTMENTS:			
Interest Expense Series 2026 Bonds	7,093	6,626	6,618
Amortization of Deferred Financing Costs	359	359	359
Amortization of Original Issue Discount	65	65	65
Depreciation	2,557	2,579	2,601
NET INCOME AVAILABLE FOR DEBT SERVICE	8,000	8,384	8,535
Add Back: Base, Deferred, Incentive, and Corporate Services Management Fees			
Base Management Fee	1,507	1,575	1,633
Deferred Management Fee	301	315	327
Incentive Management Fee	301	315	327
Corporate Services Management Fee	301	315	327
NET INCOME AVAILABLE FOR DEBT SERVICE, ALL MANAGEMENT FEES EXCLUDED	10,410	10,904	11,149
ANNUAL DEBT SERVICE SERIES 2026A BONDS	\$ 3,604	\$ 3,655	\$ 4,390
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	2.22	2.29	1.94
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	2.89	2.98	2.54
ANNUAL DEBT SERVICE SERIES 2026A BONDS & SERIES 2026B BONDS	\$ 5,014	\$ 5,085	\$ 5,885
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	1.60	1.65	1.45
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	2.08	2.14	1.89
ANNUAL DEBT SERVICE SERIES 2026 BONDS ⁽³⁾	\$ 6,115	\$ 6,202	\$ 7,002
DEBT SERVICE COVERAGE RATIO ⁽¹⁾	1.31	1.35	1.22
DEBT SERVICE COVERAGE RATIO EXCLUDING MANAGEMENT FEES ⁽²⁾	1.70	1.76	1.59
AS OF DECEMBER 31,			
DAYS CASH ON HAND ⁽¹⁾	2027	2028	2029
Cash and Cash Equivalents	\$ -	\$ 500	\$ 957
Development and Capital Expenditures Fund	200	200	200
Operating Reserve Fund	2,640	2,640	2,640
Repair and Replacement Fund	284	168	40
Operations and Maintenance Reserve Fund	2,347	2,427	2,513
Liquidity Support Fund	2,750	2,750	2,750
Surplus Fund	-	591	1,177
TOTAL CASH AND INVESTMENTS	\$ 8,221	\$ 9,276	\$ 10,277
TOTAL OPERATING EXPENSES	\$ 32,683	\$ 33,243	\$ 34,287
NON-CASH ADJUSTMENTS:			
Depreciation	(2,557)	(2,579)	(2,601)
Credit Loss Expense	-	-	-
Amortization of Deferred Financing Fees	(359)	(359)	(359)
Amortization of Original Issue Discount	(65)	(65)	(65)
ADJUSTED OPERATING EXPENSES	29,702	30,240	31,262
DAILY OPERATING EXPENSES ⁽⁴⁾	\$ 81.38	\$ 82.85	\$ 85.65
NUMBER OF DAYS OF CASH ON HAND	101	112	120

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies and
Independent Accountant's Report
(C-6)

THE OBLIGATED GROUP OF GHF MN, LLC AND CONSOLIDATED AFFILIATES
FORECASTED SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS, EXCEPT RATIOS)

Notes:

- (1) Covenants are presented based upon the assumed terms of the Series 2026 Bonds and the requirements of the Master Trust Indenture ("MTI") which are forecasted to be measured beginning in the year ending December 31, 2027. For purposes of annual compliance, the Obligated Group will be measured based upon the Debt Service Coverage Ratio for the Series 2026A Bonds and Series 2026B Bonds.
- (2) The Debt Service Coverage Ratio, excluding Management Fees is presented for informational purposes only.
- (3) The annual debt service presented for the all tranches of the Series 2026 Bonds is based upon the assumed debt amortization schedules for all series and reflects scheduled payments for the Series 2026C-1 Bonds and Series 2026C-2 Bonds.
- (4) Daily Operating Expenses is equal to the Adjusted Operating Expenses divided by 365.

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INTRODUCTION AND BACKGROUND INFORMATION

Basis of Presentation

The purpose of the financial feasibility study is to evaluate the ability of GHF MN, LLC (the “Borrower”) and Affiliates (the “Obligated Group”), to meet the operating requirements, working capital requirements and other financial requirements of the Borrower, including the debt service requirements associated with its plans to acquire nine assisted and memory care communities (the “Communities”).

The Communities are being sold by Twin Light Capital, LLC, that own the respective properties (collectively, the “Sellers”) and are currently managed and are forecasted to be managed by Diamond Willow Management (the “Manager”). The Borrower and Manager are collectively referred to as “Management”.

The acquisition of the Communities is forecasted to be funded from (i) proceeds of the \$60,910,000 Minnesota Health Education Facilities Authority Senior Living Revenue Bond (Glenhaven Minnesota Project), Senior Series 2026A (the “Series 2026A Bonds”), (ii) proceeds of the \$13,000,000 Subordinate Tax-Exempt Series 2026B Bonds (the “Series 2026B Bonds”), (iii) proceeds of the \$11,015,000 Subordinate Tax-Exempt Series 2026C-1 Bonds (the “Series 2026C-1 Bonds”), and (iv) proceeds of the \$2,125,000 Subordinate Taxable Series 2026C-2 Bonds (the “Series 2026C-2 Bonds”). The Series 2026A Bonds, Series 2026B Bonds, Series 2026C-1 Bonds, and Series 2026C-2 Bonds are collectively referred to as the “Series 2026 Bonds”.

The accompanying financial forecast (the “Forecast”) for the periods ending December 31, 2026, 2027, 2028 and 2029 (the “Forecast Period”) contained herein is estimated by Management as defined hereinafter. The Forecast presents to the best of Management’s knowledge and belief, the Borrower’s expected financial position, results of operations and changes in net deficits and cash flows of the Borrower during the Forecast Period. Accordingly, the Forecast reflects Management’s judgement as of October 1, 2026, the date of this Forecast, of its expected conditions and its expected course of action. The assumptions disclosed herein, while not all-inclusive, are those that Management believes are significant to its Forecast. Furthermore, the forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Fundamental to the Forecast is the assumption that the operations of the Borrower will be competently and efficiently managed and its services professionally and consistently marketed. In addition, the validity of the Forecast will decrease substantially in proportion to the time elapsed since its preparation. Management’s Forecast has been prepared in connection with the issuance of the Series 2026 Bonds. Management does not intend to update its Forecast of the Borrower subsequent to the issuance of this Forecast and, accordingly, there are risks inherent to referring to or using this Forecast in the future as it may, and most likely will, become outdated.

The assumed interest rates, principal payments, financing assumptions and assumptions pertaining to the forecasted revenue, expenses and cash flows of the Borrower are described in the sections entitled “Summary of Significant Forecast Assumptions and Accounting Policies”. If the actual interest rates, principal payments, funding requirements or other financing assumptions related to the Series 2026 Bonds are different from those assumed, the principal amount of the Series 2026 Bonds and associated debt service requirements would need to be adjusted accordingly from those indicated in the Forecast. If interest rates, principal payments and funding requirements are lower than those assumed, then such adjustments would not adversely affect the Forecast.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Background of the Organization

GHF MN, LLC (the “Borrower”), is a Delaware limited liability company qualified to do business in Minnesota, which is a wholly owned subsidiary of Glenhaven Housing Foundation, Inc., a Wyoming nonprofit corporation (the “Parent”). The Borrower was formed on August 19, 2026 and the other Obligated Group Members were formed on August 19, 2026 for the sole purpose of acquiring, owning, and operating nine senior care facilities located in Minnesota that provides assisted living and memory care services (each, a “Community” and collectively, the “Communities”) and one parcel of land adjacent to the Keystone Bluffs Community (the “Expansion Parcel”).

The Borrower has conducted limited operations to date and has no substantial assets, as described below. The Borrower does not intend to acquire any substantial assets other than the Communities and the rights and revenues incident thereto or engage in any business activities other than those engaged in presently and those related to the acquisition, ownership, and operation of the Communities. The ability of the Borrower to pay and perform its obligations with respect to the Series 2026 Bonds will depend primarily on the ability of the Communities to generate sufficient revenues.

The Borrower has forecasted retaining the Manager to operate the Communities after the acquisition. The Seller owns a 24.99% minority ownership interest in the Manager.

The Borrower has applied for new licenses to be issued to its newly formed operating company Affiliates.

Each Community will be indirectly owned and operated through a dedicated holding company, property company, and operating company structure to isolate operations and assets. On the date of issuance of the Series 2026 Bonds (the “Closing Date”), fee title to each Community will be transferred to the applicable property company subsidiary, which will grant a first lien to the Master Trustee under the Series 2026 Mortgages.

The Parent

The Parent is a Wyoming nonprofit corporation that was formed on September 17, 2025. The Parent was formed to provide services and housing support to low-income individuals, veterans and seniors. The Internal Revenue Service issued a letter dated October 29, 2025, stating its determination that, effective as of September 17, 2025 the Parent is a charitable organization described in Section 501(c)(3) of the Code and is therefore exempt from federal income taxation under Section 501(a) of the Code and is not a private foundation within the meaning of Section 509(a) of the Code.

Board of Directors

The Borrower is governed by the Parent, the Borrower’s sole and managing member. The Parent conducts, directs, and exercises full control over all activities of the Borrower. The Parent is authorized to execute, deliver, and perform any agreements, acts, transactions, and other matters on behalf of the Borrower. The Borrower does not have any managers.

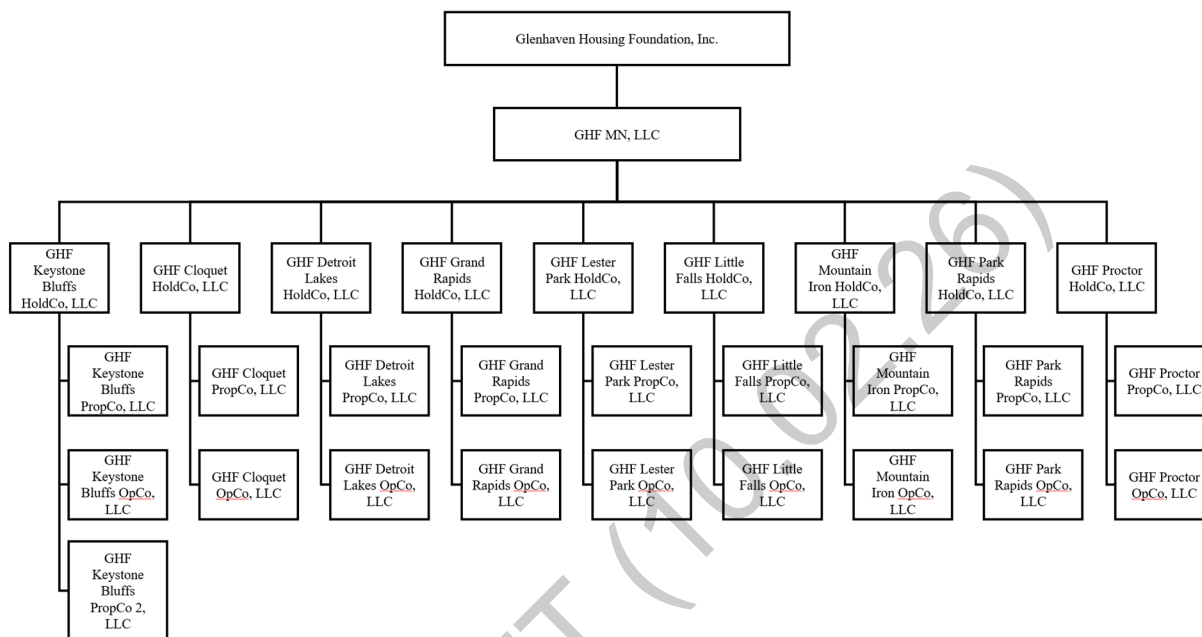
The Parent is a non-membership organization whose business affairs are governed by a volunteer Board of Directors (the “Board”). The Board currently consists of three directors. The number of directors of the Board may be increased or decreased pursuant to the procedures set forth in the bylaws, provided that the number of directors shall be not less than three and not more than fifteen. At each annual meeting of the Board, the existing members elect members to hold office until the earlier of the next annual meeting of the Board or until their successors are elected and qualify (or a member’s removal in accordance with the bylaws). The Parent may in the future create several committees in order to provide appropriate operational and strategic oversight of the Borrower and any future facilities owned by the Parent or its affiliates.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Obligated Group

The Communities are currently owned by the Seller. The Communities are managed by the Manager. Each Community will be indirectly owned and operated through a dedicated holding company, property company, and operating company structure to isolate operations and assets, as described hereinafter. On the Closing Date, fee title to each Community will be transferred to the applicable property company subsidiary, which will grant a first lien to the Master Trustee under the Series 2026 Mortgages.

The following chart illustrates the forecasted relationship between the Borrower, the Parent and other various related entities. All entities of GHF MN, LLC and below are the entities that comprise the Obligated Group.



The Borrower and Borrower Affiliates, as members of the Obligated Group created under the Master Indenture, are responsible for the payment of debt service on the Series 2026 Bonds; the Parent and the Manager is not obligated to pay debt service on the Series 2026 Bonds.

The following table identifies, by Community, the Sellers that currently own the Community, and the respective Borrower PropCo (as defined hereinafter) that is expected to acquire that Community on the Closing Date.

Community Name	Seller	Borrower PropCo
Keystone Bluffs Assisted Living	TL-DW Keystone Bluffs Holdings, LLC	GHF Keystone Bluffs PropCo, LLC
Diamond Willow Cloquet	TL-DW Cloquet Holdings, LLC	GHF Cloquet PropCo, LLC
Diamond Willow Detroit Lakes	TL-DW Detroit Lakes Holdings, LLC	GHF Detroit Lakes PropCo, LLC
Diamond Willow Grand Rapids	TL-DW Grand Rapids Holdings, LLC	GHF Grand Rapids PropCo, LLC
Diamond Willow Lester Park	TL-DW Lester Park Holdings, LLC	GHF Lester Park PropCo, LLC
Diamond Willow Little Falls	TL-DW Little Falls Holdings, LLC	GHF Little Falls PropCo, LLC
Diamond Willow Mt. Iron	TL-DW Mountain Iron Holdings, LLC	GHF Mountain Iron PropCo, LLC
Diamond Willow Park Rapids	TL-DW Park Rapids Holdings, LLC	GHF Park Rapids PropCo, LLC
Diamond Willow Proctor	TL-DW Proctor Holdings, LLC	GHF Proctor PropCo, LLC

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Acquisition of the Communities

On the Closing Date, the Borrower will use a portion of the proceeds of the Series 2026 Bonds to acquire the nine Communities and the Expansion Parcel. The aggregate purchase price of the Communities and Expansion Parcel is forecasted to be \$72,950,000.

A portion of the purchase price will be satisfied by delivery of the Subordinate Series 2026 Bonds to the Seller. A portion of the proceeds of the Subordinate Series 2026 Bonds is forecasted to fund certain costs related to the Communities, including the initial funding of the Operating Reserve Fund and Capitalized Interest Fund on the Closing Date.

Indemnification between the Borrower and the Seller is forecasted to be provided for in both (a) the Asset Purchase Agreement between the Seller OpCos and Seller PropCos, on the one hand, and the Borrower PropCos, on the other hand, and (b) the Operations Transfer Agreements (as defined below), each between a current Seller OpCo and a new Borrower OpCo.

In an effort to isolate and track operations of the Borrower's assets, each Community is forecasted to be indirectly held by, and substantially all of its operations are forecasted to be indirectly conducted through, a separate holding company subsidiary of the Borrower (each, a "HoldCo" and collectively, the "HoldCos") formed on August 19, 2026. The HoldCos will each be the sole owner of a property company subsidiary (each, a "Borrower PropCo" and collectively, the "Borrower PropCos") that holds fee simple title to a Community and an operating company subsidiary (each, a "Borrower OpCo" and collectively, the "Borrower OpCos"; together with the Borrower PropCos and Borrower HoldCos, the "Borrower Affiliates") that will operate that Community. The Borrower Affiliates were formed on August 19, 2026, and the relationships of the Borrower Affiliates are illustrated in the table as follows. On the Closing Date, the various Sellers are forecasted to transfer, or cause to be transferred, their fee interest in the Communities to the various Borrower PropCos. The Borrower PropCos are forecasted to enter into Series 2026 Mortgages (as described in the forepart of this Limited Offering Memorandum) in order to establish a first-lien interest on behalf of the Master Trustee with respect to the Communities.

Operations Transfer

Each Community is operated under one or more state-issued licenses authorizing the provision of assisted living services under the laws of Minnesota. The "License Holder" for each Community is the current operating affiliate of Seller (the "Seller OpCo") that holds the requisite state facility license(s) in its own name. The License Holder's core purpose is to ensure that the Community remains in legal operation, in full compliance with applicable federal, state, and local regulatory requirements governing licensure, quality of care, staffing, safety, and resident rights.

On the Closing Date, each Borrower OpCo is forecasted to enter into an Operations Transfer Agreement with the applicable Seller OpCo (each, an "Operations Transfer Agreement"), pursuant to which the Borrower OpCo shall assume operational responsibility for the Community in a manner consistent with applicable state, local, and federal law and the regulatory requirements governing the operation of the Community. The Operations Transfer Agreement is the primary legal instrument that Minnesota licensing authorities rely on to establish the operational transfer required for the issuance of a new operating license.

In connection with the transfer of operations, the assets transferred to the Borrower OpCos are forecasted to not include any right, title, interest, or asset of the applicable Seller OpCo that is not expressly transferred under the Operations Transfer Agreement.

Prior to the Borrower's acquisition of the Communities, each Seller OpCo acted as the licensed operator for its respective Community, providing day-to-day resident care and services, maintaining all required

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

licenses and certifications (including Medicare and/or Medicaid participation where applicable), and meeting all regulatory and reporting obligations to state health departments and related oversight agencies. As licensed operators, the Seller OpCos were ultimately responsible for all aspects of compliance, operation, and quality outcomes at their respective facilities. Following the Borrower's acquisition, the Borrower OpCos will become the new operating Affiliates formed by the Borrower to assume the business operations of each Community. The Borrower OpCos have applied for and are forecasted to obtain new state licenses to operate their respective facilities on the Closing Date. On the Closing Date, the License Holder role is forecasted to formally transfer from the Seller OpCo to the applicable Borrower OpCo, but the Manager, affiliates of Seller and the Seller OpCos are forecasted to manage the Communities under new management agreements, providing operational leadership, compliance oversight, and care delivery oversight consistent with past practices.

Purchase and Sale Agreement

The Communities are forecasted to be acquired by the Borrower on the Closing Date pursuant to a single Asset Purchase Agreement (the "Purchase Agreement") covering all of the Communities. The Asset Purchase Agreement is forecasted to be executed prior to the pricing of the Series 2026 Bonds. Management has forecasted the Closing Date to be November 6, 2026. The purchase price (the "Purchase Price") for the respective properties are presented below:

Table 1
Communities Purchase Price
(Dollars in Thousands)

Community	Location	Purchase Price
Keystone Bluffs Community	Duluth, MN	\$ 20,248
Cloquet Community	Cloquet, MN	5,522
Detroit Lakes Community	Detroit Lakes, MN	4,844
Grand Rapids Community	Grand Rapids, MN	5,231
Lester Park Community	Duluth, MN	8,913
Little Falls Community	Little Falls, MN	8,525
Mt. Iron Community	Mountain Iron, MN	3,972
Park Rapids Community	Park Rapids, MN	7,847
Proctor Community	Proctor, MN	7,847
Total		\$ 72,950

Source: Management

The following table illustrates the forecasted Purchase Price and asset allocation. The Obligaed Group will account for the acquisition using the purchase method of accounting. The Purchase Price was allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date.

The following table summarizes the recognized amounts of assets and liabilities assumed.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 2
Asset Purchase
(Dollars in Thousands)

	As Is Market Value	Asset Allocation	Allocated Purchase Price	Asset Allocation
Real Estate	\$ 70,400,000	93.5%	\$ 71,428,095	97.9%
Furniture, Fixtures, and Equipment	1,500,000	2.0%	1,521,905	2.1%
Total Property and Equipment	71,900,000	95.5%	72,950,000	100.0%
Intangibles	3,400,000	4.5%	-	0.0%
Total Purchase Price	\$ 75,300,000	100.0%	\$ 72,950,000	100.0%

Source: Management

The allocation of the Purchase Price for the acquisition is preliminary determined by Management based on various market and income analyses.

The Asset Manager and Asset Management Agreement

The Parent and Glenhaven Asset Management, LLC (“GAM” or the “Asset Manager”), a Delaware limited liability company headquartered in Newport Beach, California, are forecasted to enter into a Corporate Services Agreement, effective as of **October 29**, 2026 (the “Corporate Services Agreement”). GAM will be responsible for the proper and efficient management of the operation of the Parent and its corporate affairs, subject to ultimate direction by the Board and the limitations of the Parent’s articles of incorporation and bylaws. To the extent permitted by law, the Parent’s governing documents, directives from the Board, budget, and operations are under GAM’s exclusive management and control, except that any contract with a total cost of performance or price exceeding \$25,000 or any contract relating to the sale, exchange, or disposition of a facility, the refinancing of a Community or casualty damage to or condemnation of a Community or any part thereof is subject to the prior approval of the Board.

Under the Corporate Services Agreement, GAM is responsible for the following activities:

- Ensuring timely tax compliance, including ensuring the Parent conducts its business and complies with all requirements to retain its status as a tax-exempt organization described in Section 501(c)(3) of the Code;
- Organizing board meetings as required by the Parent’s bylaws or relating to new business to be undertaken by the Parent requiring board of director’s approval or as required by law or regulation;
- Preparing investment plans in connection with the budget and working with the Parent as part of the budget process to establish the overall rate structure of the facilities owned, operated, leased, or subleased by the Parent or its affiliates (including the Borrower or its Affiliates);
- Overseeing and evaluating the managers of facilities owned, operated, leased, or subleased by the Parent or its affiliates (including the Borrower or its Affiliates) and their compliance with all applicable regulations, and laws;
- Providing access for the Parent and its Affiliates to GAM’s national purchasing programs or oversee the Parent’s participation in purchasing programs;
- Overseeing the acquisition of insurance for the Parent and its affiliates (including the Borrower and its Affiliates) and programs;
- Communicating with lenders, bondholders, bond trustees and other parties that provide, or may provide, financing for the operation of the Parent or its affiliates (including the Borrower and its Affiliates);
- Using commercially reasonable efforts to cause the Parent and its Affiliates to receive all benefits of federal, state, county, municipal, and city or district tax exemptions and/or credits available thereto;

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- Making its human resources and payroll professionals available to the Parent;
- In conjunction with the Manager, ensuring collection of all revenues and payment of expenses for the Communities and other facilities owned and operated by the Parent and its affiliates; and
- Seeking, evaluating and pursuing new opportunities that are consistent with the bylaws of the Parent, present them to the Parent's board of directors for approval, and pursuing the acquisition, development, and repurposing of facilities in a manner consistent with the Parent's bylaws.

GAM is forecasted to receive an asset management fee equal to one (1.00%) percent of gross operating revenues of the facilities owned, operated, leased, or subleased by the Parent or its affiliates (including the Communities), payable to GAM quarterly in arrears (the "Asset Management Fee").

The Corporate Services Agreement is forecasted to have an initial term of sixty months, subject to successive twelve month renewal terms thereafter, subject to either party's right to terminate upon sixty days' written notice of nonrenewal prior to the end of the then-current term.

The Manager and Management Agreement

On the Closing Date, new Management Agreements are forecasted to be entered into by the Borrower OpCos with the Manager (collectively, the "Management Agreements"). The Management Agreements will be effective as of the Closing Date of the Series 2026 Bonds and have an initial term of 15 years, subject to up to three (3) additional 5-year renewal terms thereafter, subject to Manager's right to terminate the agreement upon 180 days' written notice of nonrenewal prior to the end of the then-current term.

In exchange for receiving the Management Fee, as described hereinafter, each Manager must provide all management services necessary for the day-to-day operations and supervision, as outlined in the separate Management Agreements, including, but not limited to:

- Selecting, hiring, discharging, and replacing all supervisory and non-supervisory personnel necessary to operate and maintain the Facilities, and coordinate all payroll, benefits, and employment-related tax matters for Community employees on behalf of the Borrower OpCos;
- Depositing all revenues arising from the operation of the Facilities into Borrower OpCos controlled accounts and disburse Community funds in accordance with required priorities, including payroll, insurance, rent, debt service, and other Community expenses;
- Supervising billing and collection functions for the Facilities, maintaining accounting, billing, and resident records, and preparing and filing Medicare, Medicaid, insurance, and other reimbursement claims;
- Negotiating and contracting for improvements, renovations, and additions to the Communities as approved by the Borrower OpCos and Owner (as defined in the Management Agreement), in accordance with each Lease, Indenture and Loan Agreement (each as defined in the Management Agreement) or other documents entered into connection with the Series 2026 Bonds;
- Maintaining all books and records of the Communities in accordance with GAAP and any applicable governmental ordinances, rules, laws, regulations, or orders, including accounts payable, payroll, tax filings, general ledger, and documentation required for federal and state audits; and
- Preparing and delivering monthly interim reports and annual financial reports for the Communities, including statements of revenues and expenses, balance sheets, occupancy reports, and other information required under the Master Indenture, Bond Indenture, Loan Agreement or other documents entered into connection with the Series 2026 Bonds.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Manager will receive a Base Management Fee of 5.0% of the Community's Gross Revenues per month (as defined in the Management Agreements).

In addition to the Base Management Fee, as additional compensation for services to be rendered by Manager under each Management Agreement, the applicable Borrower OpCo shall pay to Manager an additional monthly fee equal to one percent (1.0%) of the applicable Community's Gross Revenues (the "Deferred Management Fee"), earned upon the Communities collectively meeting: (i) the greater of (A) a Debt Service Coverage Ratio (as defined in the Master Indenture) of 1.20:1.00 or 1.35:1.00 pursuant to Section 4.11 of the Master Indenture; and (ii) the greater of (A) 60 Days Cash on Hand (as defined in the Management Agreement) or (B) 75 Days Cash on Hand on December 31, 2026; 85 Days Cash on Hand on December 31, 2027; 95 Days Cash on Hand on December 31, 2028; and 105 Days Cash on Hand on December 31, 2029, and each testing date, as defined in the Master Indenture thereafter pursuant to Section 4.17 of the Master Indenture (collectively, the "Deferred Management Fee Requirements"). In addition to the Base Management Fee and the Deferred Management Fee, as additional compensation for services to be rendered by Manager under each Management Agreement, the applicable Borrower OpCo shall pay to Manager annually an additional incentive fee equal to one percent (1.0%) of the Community's Gross Revenues (the "Incentive Management Fee" and together with the Base Management Fee and the Deferred Management Fee, each, a "Management Fee") for any fiscal year in which: (i) the Debt Service Coverage Ratio, inclusive of the Base Management Fee and Deferred Management Fee, exceeds 1.30:1.00; (ii) the Communities collectively have at least 75 Days Cash on Hand; and (iii) the average occupancy across the portfolio of Communities is at least 80% (collectively, the "Incentive Management Fee Requirements"). Payment of any Deferred Management Fee or Incentive Management Fee earned under the Management Agreements shall be paid from the Surplus Fund (as defined in the Master Indenture), subject to the Communities collectively meeting the Specified Performance Thresholds (as defined in the Management Agreements). Furthermore, pursuant to the Master Indenture, each of the Base Management Fee, the Deferred Management Fee, and the Incentive Management Fee are subject to the requirement that no Event of Default (as defined in the Master Indenture) has occurred and is ongoing.

Licensure

The Seller OpCos hold all licenses and approvals for the Communities. The existing license for each Community shall remain with the applicable Seller OpCo who will operate the applicable Community pursuant to a sublease from the applicable **Borrower OpCo** until such time as MDH issues a license to the applicable Obligated Group Member to operate such Community and Elderly Waiver ("EW") / Community Access for Disability Inclusion ("CADI") waivers are received by the applicable Obligated Group Member. Applications for operating licenses and EW / CADI waivers in the name of the applicable Obligated Group Member will be submitted to MDH and MDHS, respectively, promptly following the issuance of the Series 2026 Bonds. A Minnesota operating license must be issued prior to receipt of an EW/CADI waiver, however, following the issuance of a Minnesota operating license, EW/CADI waiver payments cannot continue to be processed until the new EW/CADI waivers are received. Upon receipt of the EW/CADI waivers, EW/CADI payments may be billed retroactively to the date of issuance of the operating license. The Obligated Group will work with the Manager to time receipt of the Minnesota operating licenses and the EW/CADI waivers at, or very close to, the same time to avoid disruption in Medicaid reimbursement.

Property Tax Exemption

The Borrower currently anticipates that the Communities will not receive an exemption from ad valorem property taxes. As a result, Management has included property tax expenses during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Liquidity Support Agreement

On or prior to the date of issuance of the Bonds, the Seller, who will be the "Liquidity Support Provider" is required to deposit an aggregate of \$2,750,000 in cash into the Liquidity Support Fund held by the Master Trustee (the "Liquidity Cash Deposit"), which it may later substitute in whole with a qualifying irrevocable standby letter of credit meeting specified credit-rating and form requirements. Funds may be disbursed by the Master Trustee, upon an Officer's Certificate of the Obligated Group Representative, to cover certain amounts as identified under certain events and circumstances as described in the Master Indenture. The Liquidity Cash Deposit, related interest, and any letter-of-credit draws constitute subordinated loans to the Obligated Group, evidenced by a Master Corporate Obligation, and are repayable only as permitted under the Master Indenture. The Provider's obligations are continuing, absolute, and unconditional, and the balance in the Liquidity Support Fund will not be returned to the Liquidity Support Provider until all Senior and Subordinate Master Obligations have been paid in full or defeased. The Borrower has not forecasted any draws on the Liquidity Support Fund during the Forecast Period.

The Communities

The Communities are currently licensed for Assisted Living and Dementia Care by the Minnesota Department of Health ("MDH") to operate 346 total assisted living and memory care beds. Keystone Bluffs Assisted Living in Duluth is licensed for Assisted Living, while all the other Communities are dually licensed for Assisted Living and Dementia Care.

In addition to private pay residents, the Communities accept residents who receive certain public funds to assist in the payment of room and board and/or service fees.

The Communities are forecasted to retain the Housing Support contracts in place with the various counties they are located in. Housing Support is a state-funded income supplement for housing (room and board) and housing supports (supplemental services) for eligible seniors or adults with disabling conditions, administered by the Minnesota Department of Human Services ("MDHS"). This funding provides financial support for rent, utilities, household needs, and food and/or services for eligible individuals.

Housing Support room and board payments are made directly to the provider of housing on behalf of the eligible person. To receive funds, the Communities must meet certain statutory eligibility requirements. Payment is disbursed by the Minnesota Department of Human Services. Rates for residents receiving room and board reimbursement through this program were increased to \$1,221 per month as of July 1, 2026. The rate is automatically adjusted each year based on changes made in the "Federal Benefit Rate" of the federal Supplemental Security Income program and changes in the value of food support for an individual.

The Communities will receive service revenue under Minnesota Medical Assistance, Minnesota's state Medicaid program, EW and CADI contract in place with the MDHS. CADI waiver eligibility for an individual is determined through a screening process and allows for certain care outside of a nursing facility. For CADI eligibility, as an alternative to care within a nursing facility, an individual must (i) be on Minnesota Medical Assistance or be eligible for Minnesota Medical Assistance based on the individual's own income or assets, (ii) be certified disabled by the Social Security Administration or the Minnesota Medical Review Team, (iii) be under the age of 65 years old when the person applies for the waiver for the first time, (iv) require the level of care provided to people in a nursing facility, (v) have an assessed need for support and services beyond those available through Minnesota Medical Assistance, and (vi) choose care and services in the community instead of within a nursing facility. Similarly, EW eligibility requires certain qualifications be met including that an individual must (i) be aged 65 or older, (ii) be eligible for Minnesota Medical Assistance and require the level of care provided to individuals in a nursing

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

home as determined by Minnesota's MnCHOICES assessment program, including a meeting with a certified assessor, (iii) require care less costly under the EW program than the estimated nursing home cost, and (iv) choose to receive EW services in the community instead of within a nursing home. In addition, if a resident is eligible for Medicare, the resident may be able to obtain Medicare-covered home care services through a Medicare-certified home care agency of the resident's choice.

The resident is responsible for applying for these programs and is also responsible for payment in full to the Communities for the amounts required to be paid by the resident, whether initial payments or billed on a monthly basis.

The following table summarizes the existing unit configurations of the Communities.

Table 3
The Communities

Community	Location	Private	Semi-Private	Total Units	Total Beds
Keystone Bluffs Community	Duluth, MN	58	21	79	100
Diamond Willow Cloquet	Cloquet, MN	14	6	20	26
Diamond Willow Detroit Lakes	Detroit Lakes, MN	10	10	20	30
Diamond Willow Grand Rapids	Grand Rapids, MN	14	6	20	26
Diamond Willow Lester Park	Duluth, MN	14	6	20	26
Diamond Willow Little Falls	Little Falls, MN	14	6	20	26
Diamond Willow Mt. Iron	Mountain Iron, MN	14	6	20	26
Diamond Willow Park Rapids	Park Rapids, MN	10	10	20	30
Diamond Willow Proctor	Proctor, MN	8	24	32	56
Total		156	95	251	346

Source: Management

The Keystone Bluffs Community

The Keystone Bluffs Community, located in Duluth, Minnesota, is in a residential community approximately three miles northwest of central Duluth, Minnesota. The Keystone Bluffs Community is approximately 3.6 miles from Essentia Health St. Mary's Medical Center (Duluth), a 345 bed hospital located in Duluth, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for Keystone Bluffs Assisted Living:

Table 4
Keystone Bluffs Assisted Living
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾	
				Private Room	Semi-Private (Shared) Room
Keystone Bluffs: Standard	37		465 - 696	\$6,630	\$5,630
Keystone Bluffs: Deluxe A	28		465 - 696	\$6,830	\$5,830
Keystone Bluffs: Deluxe B	4		465 - 696	\$6,730	\$5,730
Keystone Bluffs: Deluxe C	6		465 - 696	\$6,840	\$5,840
Keystone Bluffs: 2 Bedroom	4		465 - 696	\$7,045	\$6,045
Total Community Units / Weighted Average	79	100		\$6,743	\$5,743

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Keystone Bluffs Community offers property amenities such as: activity rooms, a courtyard, covered parking, dining room-main, dining room-private, housekeeping, laundry facilities and lounge areas.

The Cloquet Community

The Cloquet Community, located in Cloquet, Minnesota, is in a residential community approximately one mile north of central Cloquet, Minnesota. The Cloquet Community is approximately 0.4 miles from Community Memorial Hospital, a 22 bed hospital located in Cloquet, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for the Cloquet Community:

Table 5
Cloquet Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	14	14	380	\$10,400
Semi-Private	6	12	380	\$8,900
Total Community Units / Weighted Average	20	26	380	\$9,950

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Cloquet Community offers property amenities such as: activity rooms, arts and crafts rooms, a dining room-main, exercise facilities, laundry facilities and lounge areas.

The Detroit Lakes Community

The Detroit Lakes Community, located in Detroit Lakes, Minnesota, is located in a residential community approximately two miles east of central Detroit Lakes, Minnesota. The Detroit Lakes Community is approximately 1.45 miles from Essentia Health St. Mary's Detroit Lakes, a 130 bed hospital located in Detroit Lakes, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for the Detroit Lakes Community:

Table 6
Detroit Lakes Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	10	10	380	\$10,400
Semi-Private	10	20	380	\$8,900
Total Community Units / Weighted Average	20	30	380	\$9,650

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Detroit Lakes Community offers property amenities such as: activity rooms, a beauty/barber shop, a dining room-main, laundry facilities and lounge areas.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Grand Rapids Community

The Grand Rapids Community, located in Grand Rapids, Minnesota, is located in a residential community approximately two miles southwest of central Grand Rapids, Minnesota. The Grand Rapids Community is approximately 0.5 miles from Grand Itasca Clinic and Hospital, a 34 bed hospital located in Grand Rapids, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for the Grand Rapids Community:

Table 7
Grand Rapids Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	14	14	380	\$10,400
Semi-Private	6	12	380	\$8,900
Total Community Units / Weighted Average	20	26	380	\$9,950

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Grand Rapids Community offers property amenities such as: activity rooms, arts and crafts rooms, a beauty/barber shop, a dining room-main, laundry facilities, lounge areas and a wanderer management system.

The Lester Park Community

The Lester Park Community, located in Duluth, Minnesota, is approximately seven miles northeast of central Duluth, Minnesota. The Lester Park Community is approximately 7.0 miles from Essentia Health St. Mary's Medical Center, a 345 bed hospital located in Duluth, Minnesota; and approximately 7.0 miles from St. Mary's Hospital Superior, a 16 bed hospital located in Superior, Wisconsin.

The following table presents a summary of the number of units, square footage and monthly service fees for the Lester Park Community:

Table 8
Lester Park Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	14	14	380	\$10,600
Semi-Private	6	12	380	\$9,600
Total Community Units / Weighted Average	20	26	380	\$10,300

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Lester Park Community offers property amenities such as: activity rooms, a beauty/barber shop, a dining room-main, laundry facilities and lounge areas.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Little Falls Community

The Little Falls Community is located in Little Falls, Minnesota, approximately one hundred miles northwest of downtown Minneapolis, Minnesota. The Little Falls Community is approximately 1.30 miles from St. Gabriel's Hospital, a 25-bed hospital located in Little Falls, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for the Little Falls Community:

Table 9
Little Falls Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	14	14	380	\$10,250
Semi-Private	6	12	380	\$9,250
Total Community Units / Weighted Average	20	26	380	\$9,950

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Little Falls Community offers property amenities such as: activity rooms, a beauty/barber shop, a dining room-main, laundry facilities, lounge areas and a wanderer management system.

The Mount Iron Community

The Mt. Iron Community, located in Mountain Iron, Minnesota, is approximately three miles west of Virginia, Minnesota. The Mt. Iron Community is approximately 2.25 miles from Essentia Health Virginia, a 126 bed hospital located in Virginia, Minnesota.

The following table presents a summary of the number of units, square footage and monthly service fees for the Mount Iron Community:

Table 10
Mount Iron Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	14	14	380	\$10,150
Semi-Private	6	12	380	\$9,150
Total Community Units / Weighted Average	20	26	380	\$9,850

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Mt. Iron Community offers property amenities such as activity rooms, a beauty/barber shop, a main dining room, laundry facilities and lounge areas.

The Park Rapids Community

The Park Rapids Community is located in a rural area approximately two miles southeast of Park Rapids, Minnesota. The Park Rapids Community is approximately 1.0 miles from St. Joseph's Area Health Services, a 25 bed hospital located in Park Rapids, Minnesota.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents a summary of the number of units, square footage and monthly service fees for the Park Rapids Community:

Table 11
Park Rapids Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds	Square Footage	Monthly Service Fees ⁽¹⁾
Studio	10	10	380	\$10,400
Semi-Private	10	20	380	\$8,900
Total Community Units / Weighted Average	20	30	380	\$9,950

Source: Management

Note:

(1) Rates effective as of January 1, 2026.

The Park Rapids Community offers property amenities such as: activity rooms, a beauty/barber shop, a dining room-main, laundry facilities, lounge areas and a wanderer management system.

The Proctor Community

The Proctor Community, located in Proctor, Minnesota, is approximately eight miles southwest of central Duluth, Minnesota. The Proctor Community is approximately 7.0 miles from Essentia Health St. Mary's Medical Center, a 345 bed hospital located in Duluth, Minnesota; and approximately 7.0 miles from St. Mary's Hospital Superior, a 16 bed hospital located in Superior, Wisconsin.

The following table presents a summary of the number of units, square footage and monthly service fees for the Proctor Community:

Table 12
Proctor Community
Unit Configuration and Monthly Service Fees

	Number of Units	Number of Beds ⁽²⁾	Square Footage	Monthly Service Fees ⁽¹⁾	
				Private Room	Semi-Private (Shared) Room
Suites	8		380	\$10,400	\$9,400
Cottages	24		380	\$9,650	\$9,650
Total Community Units / Weighted Average	32	56	380	\$10,175	\$10,175

Source: Management

Notes:

(1) Rates effective as of January 1, 2026.

(2) Management has forecasted the reopening of the Lake Superior building in February 2027, which has 8 of 56 beds noted in the table above. Prior to the reopening, management only had 48 beds in operations.

The Proctor Community offers property amenities such as: activity rooms, a beauty/barber shop, a dining room-main, laundry facilities and lounge areas.

Residency Agreements

To reserve an assisted living unit or a memory care unit, a prospective resident must execute a Residency Agreement (the "Residency Agreement"), which reserves the right of the prospective resident to occupy the selected residential unit. Under the terms of the Residency Agreement, the Manager, as agent of the applicable operator, accepts persons whose care is within the scope of services offered by the respective community (the "Resident"). The term of the Residency Agreement is month-to-month and will automatically renew unless terminated by either the Manager or the Resident as described herein.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Upon the acquisition of the Community, the Borrower OpCos will assume the Residency Agreements for those residents admitted to the Communities prior to the Closing Date. Residents admitted to the Communities on or after the Closing Date will be required to execute new Residency Agreements, which may be in the same or different forms as the existing Residency Agreements. Certain terms of the Residency Agreement are described below.

Assisted Living Resident Lease and Services Agreement – The Keystone Bluffs Community

Prior to admission to an assisted living unit at Keystone Bluffs, a resident or responsible party must execute a written assisted living resident lease and services agreement. Residents and/or responsible party are required to pay a non-refundable community fee of \$1,000 for a private unit and \$500 for a shared unit and an ongoing monthly base rental rate. The Keystone Bluffs Resident Lease and Services Agreement may be terminated by either party upon thirty (30) days' written notice.

Services included in the monthly base rental rate include:

- Three (3) nutritionally well balanced meals and snacks each day
- Utilities (water, gas, electricity, refuse/recycling, sewer, heat, internet, basic cable television). Telephone services are excluded
- Weekly light housekeeping
- Laundry and linen services performed by the Community
- Emergency response system
- Scheduled local transportation for medical, dental, and social services appointments, and help in accessing community resources and services
- Scheduled Community activities

In addition to the services described in the base rental rate above, the Community will provide services that are needed or requested by the resident to assist with the resident's activities of daily living and to improve the resident's quality of life. A resident service plan will be developed based on the nursing assessment completed by the registered nurse and the additional assessments completed by the Community. The resident service plan will be developed with the resident and/or any individual the resident designates, and with the Community staff. The resident service plan will outline the services the resident is to receive, including what assistance with activities of daily living that may be necessary (e.g., the resident's need for personal assistance with bathing, dressing and grooming, toileting, transferring, continence, and eating). The resident/responsible person may examine the resident's service plan at any time.

The rate charged will vary according to the service level provided. Should the resident or responsible person wish to decrease the services received, prior approval from the Community is required. Changes in services provided will be reflected in a revised resident service plan.

The resident and/or representative will be notified of any changes in care needs and/or changes in care levels that may result in additional charges. A 30-day notice will occur for base rent increases or base level of care increases.

All monthly level of care charges are in addition to base rent. Keystone Bluffs point system for additional level of care charges is as follows:

Points	Level	Pricing (1)
0 to 12 Points	Level 1	\$150 per month
13 to 22 Points	Level 2	\$435 per month
23 to 32 Points	Level 3	\$800 per month
33 to 42 Points	Level 4	\$1,400 per month

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

43 to 52 Points	Level 5	\$1,975 per month
53 to 70 Points	Level 6	\$2,530 per month
71 Plus Points	Level 7	\$3,085 per month

Source: Management

Note:

(1) The pricing presented above is the pricing effective as of January 1, 2026.

Assisted Living Resident Lease and Services Agreement – Diamond Willow

Prior to admission to an assisted living unit at one of the Diamond Willow-branded Communities, a resident or responsible party must execute a written assisted living resident lease and services agreement. Residents and/or responsible party are required to pay a non-refundable community fee of \$1,000 for a private unit and \$500 for a shared unit and an ongoing monthly all-inclusive base rental rate. The Diamond Willow Resident Lease and Services Agreement may be terminated by either party upon thirty (30) days' written notice.

Services included in the monthly all-inclusive base rental rate include:

- Three (3) nutritionally well balanced meals and snacks each day
- Utilities (water, gas, electricity, refuse/recycling, sewer, heat, internet, basic cable television).
- Weekly light housekeeping
- Use of common areas at the Community
- Laundry and linen services performed by the Community
- Assistance with arranging local transportation for medical, dental, and social services appointments, and help in accessing community resources and services
- Scheduled activities
- Emergency response system

In addition, services available to the Resident based on the Resident's service plan may include:

- AM, PM and Nighttime care checks
- Assistance with dressing, bathing, and transfers
- Meal reminders
- General observation and supervision
- Monitored emergency response pull chains in the rooms and wearable pendants
- Monthly wellness checks
- Meal escort and assistance
- Assistance with administration of medication
- Bathing assistance
- Incontinence care
- AM and PM care including oral hygiene and shaving
- 24-hour on-site awake care staff

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

PLAN OF FINANCE

Management has assumed the following sources and uses of funds in preparing its financial forecast based on information provided by Management and the Borrower's Underwriter, Herbert J. Sims & Company (the "Underwriter"). A summary of the forecasted sources and uses of funds for the Organization's financing is provided in the following table:

Table 13
Series 2026 Bonds
Forecasted Plan of Finance
(In Thousands of Dollars)

Sources of Funds:		
Series 2026A Bonds (Senior Tax-Exempt)	\$	60,910 (1)
Series 2026B Bonds (Subordinate Tax-Exempt Bonds)		13,000 (1)
Series 2026C-1 Bonds (Subordinate Tax-Exempt Bonds)		11,015 (1)
Series 2026C-2 Bonds (Subordinate Taxable Bonds)		2,125 (1)
Original Issue Discount		(648) (1)
Net Proceeds of the Series 2026 Bonds		86,402
Liquidity Support Fund		2,750 (2)
Total Sources of Funds	\$	89,152
Uses of Funds:		
Acquisition Price	\$	72,950 (3)
Capital Expenditures and Pre Development Costs		700 (4)
Debt Service Reserve Fund		5,898 (5)
Operating Reserve Fund		2,640 (6)
Capitalized Interest Fund		627 (7)
Liquidity Support Fund		2,750 (8)
Cost of Issuance		3,587 (9)
Total Uses of Funds	\$	89,152

Source: Management and the Underwriter

Certain summaries, assumptions, rationale, and descriptions included in Management's financial forecasts are more fully described in the financing related documents pertaining to the Series 2026 Bonds. For more detailed information regarding the proposed terms, conditions, debt service requirements, and any other requirements of the Series 2026 Bonds, all of the Series 2026 Bonds financing-related documents should be read in their entirety.

Notes to Table 13:

- 1) The Borrower's Underwriter has indicated that the Series 2026A Bonds, Series 2026B Bonds, Series 2026C-1 Bonds, and Series 2026C-2 Bonds are collectively referred to as the "Series 2026 Bonds" are expected to consist of:
 - \$60,910,000 Minnesota Health Education Facilities Authority Senior Living Revenue Bonds (Glenhaven Minnesota Project), Senior Series 2026A (the "Series 2026A Bonds") with a maturity date of November 1, 2036, annual principal payments assumed to begin on November 1, 2029 and semi-annual interest payments assumed to begin on May 1, 2027 at interest rates an interest rate of 6.00% per year;
 - \$13,000,000 Subordinate Tax-Exempt Series 2026B Bonds (the "Series 2026B Bonds") with a maturity date of November 1, 2036 and annual principal payments assumed to begin on November 1, 2029 and monthly interest payments assumed to begin on May 1, 2027 at an interest rate of 11.0%;
 - \$11,015,000 Subordinate Tax-Exempt Series 2026C-1 Bonds (the "Series 2026C-1 Bonds") with a maturity date of November 1, 2036. The Series 2026C-1 Bonds are forecasted to have semi-annual interest payments assumed to begin on May 1, 2027 at an interest rate of 8.50%. The Series 2026C-1 Bonds assume principal is due in full on November 1, 2036;
 - \$2,125,000 Subordinate Taxable Series 2026C-2 Bonds (the "Series 2026C-2 Bonds") with a maturity date of November 1, 2036. The Series 2026C-2 Bonds are forecasted to have semi-annual interest payments assumed to begin on May 1, 2027 at an interest rate of 8.50%. The Series 2026C-2 Bonds assume principal is due in full on November 1, 2036;
 - An original issue discount on the Series 2026B Bonds of approximately \$648,000.

Debt service on the Series 2026C-1 Bonds and Series 2026C-2 Bonds is payable solely from amounts available under the MTI after satisfaction of senior funding requirements and, generally, from excess Surplus Fun amounts, subject to compliance with the applicable coverage, liquidity, occupancy and other requirements of the MTI. The Series 2026C-1 Bonds and Series 2026C-2 Bonds are subordinate in right of payment and security to the Series 2026A Bond and the Series 2026B Bonds.

- 2) Represents the amount forecasted to be deposited into a Liquidity Support Fund, by the Liquidity Support Provider, upon the closing of the Series 2026 Bonds.
- 3) Represents the \$72,950,000 purchase price for the Communities based upon an executed Asset Purchase Agreement as more fully described previously herein.
- 4) Management and the Underwriter have forecasted a Capital Expenditures Fund of \$700,000 will be funded from proceeds of the Series 2026 Bonds.
- 5) Management and the Underwriter have forecasted Debt Service Reserve Funds of \$5,898,00 will be funded from proceeds of the Series 2026 Bonds.
- 6) Management and the Underwriter have forecasted an Operating Reserve Fund of \$2,640,000 will be funded from proceeds of the Series 2026 Bonds.
- 7) Management and the Underwriter have forecasted funds in the amount of approximately \$627,000 will be utilized to pay interest on the Series 2026 Bonds.
- 8) Represents the amount forecasted to fund the Liquidity Support Fund.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- 9) Management and the Underwriter estimate costs related to the Underwriter's discount fee, legal fees, accounting fees, and other costs associated with the proposed issuance of the Series 2026 Bonds to approximate \$3,587,000.

DRAFT (10.02.26)

MARKET ASSESSMENT

This Market Assessment includes an analysis of the nine Communities and the assisted living (“AL”) and memory care assisted living (“MC”) services offered at each location.

The following map illustrates the location of each community relative to the others.



Source: Maptitude

Management’s assumptions regarding future utilization of the Communities were developed based on analyses of the following factors, each of which may influence demand for services:

- Site description and general area analysis;
- Defined primary market areas (“PMAs”);
- Demographic and economic characteristics of the defined PMAs;
- Estimated age- and income-qualified households within the defined PMAs;
- Description and utilization of existing and proposed assisted living communities within the defined PMAs; and
- Penetration rates for retirement community services within the defined PMAs.

Site Analyses

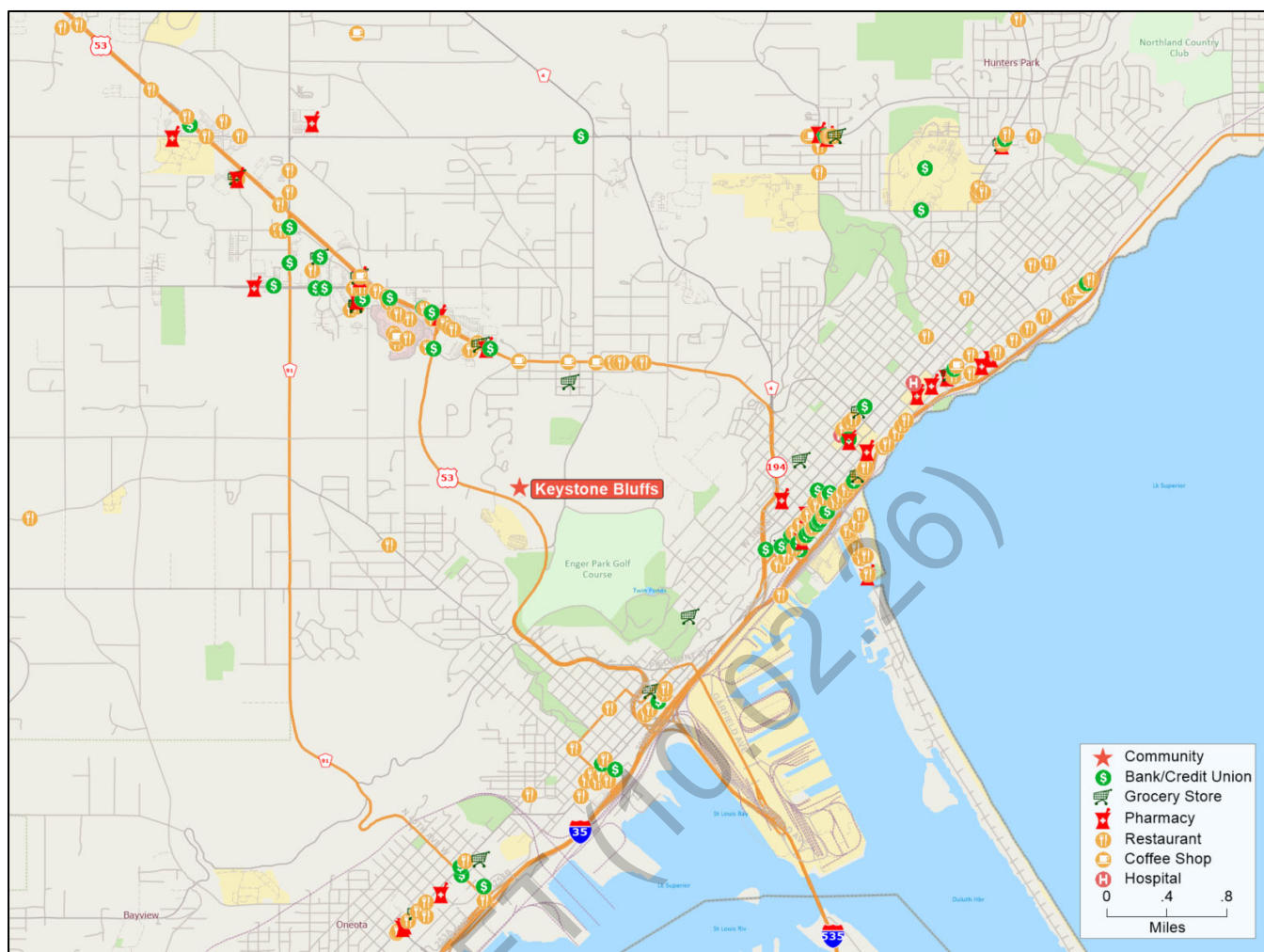
Keystone Bluffs Site Description

Keystone Bluffs is located at 2528 Trinity Road in Duluth, Minnesota, within the City of Duluth's commercial and healthcare corridor near the Miller Hill area. The immediate surrounding area is characterized by a heavily wooded area with low-density residential houses. Trinity Road serves as a primary local thoroughfare connecting the property to U.S. Highway 53 and Interstate 35, which are the region's principal transportation routes, providing residents with convenient access to everyday services and community amenities. Interstate 35 provides direct north-south connectivity through Duluth and onward to the Minneapolis-St. Paul metropolitan area, while U.S. Highway 53 serves as a major regional corridor linking Duluth with northern Minnesota communities. These transportation routes provide convenient access to regional healthcare providers, commercial centers, and surrounding markets throughout northeastern Minnesota.

Keystone Bluffs benefits from proximity to a robust healthcare network serving the Duluth market. The community coordinates care with major regional healthcare systems, including Essentia Health St. Mary's, a 345-bed acute care hospital, and Aspirus St. Lukes Hospital, a 257-bed acute care hospital. Both hospitals provide access to on-site medical services, nursing support, pharmacy services, and therapy providers. Other nearby healthcare resources include specialty physician practices, outpatient clinics, rehabilitation services, diagnostic imaging centers, and acute care hospitals located throughout the Duluth metropolitan area. In addition, residents have convenient access to nearby pharmacies, as well as various medical offices and specialty providers located within a short driving distance of the community. These healthcare resources support a continuum of care for residents requiring routine medical management, specialty services, rehabilitation therapies, and emergency medical care.

The following map illustrates the location of Keystone Bluffs relative to surrounding land uses and transportation corridors.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



Source: Mapitude

Diamond Willow Cloquet Site Description

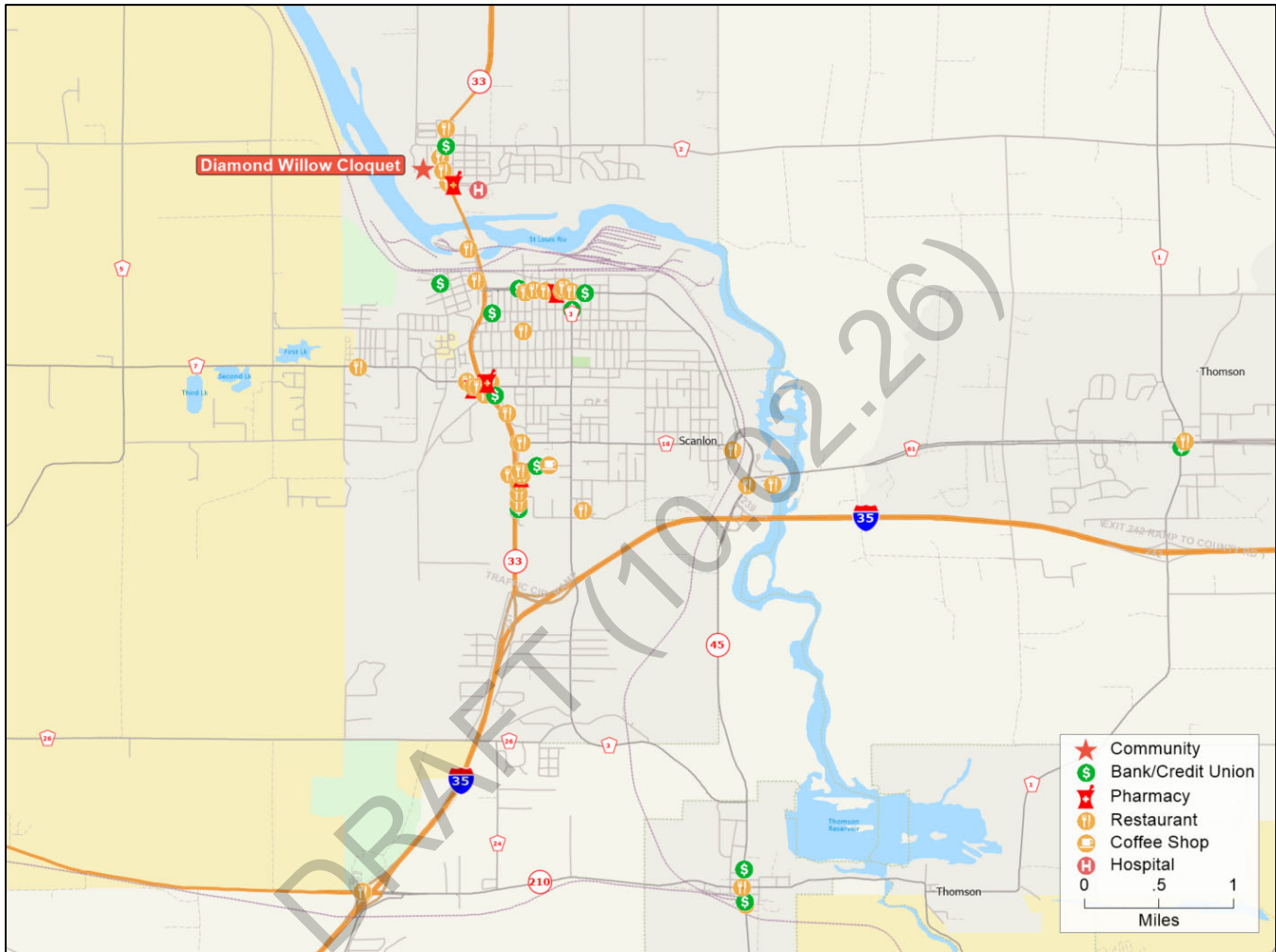
Diamond Willow Assisted Living & Memory Care Cloquet is located at 130 West North Road in Cloquet, Minnesota, a regional community approximately 25 miles southwest of Duluth. The immediate surrounding area is characterized by low-density residential neighborhoods, wooded open spaces, and local commercial uses that contribute to a suburban-rural setting. West North Road provides access to Minnesota State Highway 33 and nearby Interstate 35, which serves as the region's principal north-south transportation corridor. Interstate 35 connects Cloquet to Duluth and the broader Minneapolis-St. Paul metropolitan area, while Highway 33 serves as a key local route linking residential areas with employment centers, retail destinations, and community services throughout Carlton County. These transportation routes provide residents with convenient access to healthcare providers, commercial amenities, and regional destinations across northeastern Minnesota.

Diamond Willow Cloquet benefits from access to a comprehensive healthcare network serving both Cloquet and the greater Duluth market. Nearby healthcare resources include Community Memorial Hospital, a 22-bed acute care hospital located approximately 1 mile southeast of the community, as well as major regional providers in Duluth, including Essentia Health St. Mary's Medical Center, a 345-bed acute care hospital, and Aspirus St. Luke's Hospital, a 257-bed acute care hospital. These healthcare systems provide a broad range of inpatient and outpatient services, including emergency care, surgical

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

services, diagnostic imaging, rehabilitation therapies, specialty physician services, and advanced medical treatments. Additional healthcare resources, including outpatient clinics, pharmacies, therapy providers, and specialty medical offices, are available within a short driving distance of the community.

The following map illustrates the location of Diamond Willow Cloquet relative to surrounding land uses and transportation corridors.



Source: Maptitude

Diamond Willow Detroit Lakes Site Description

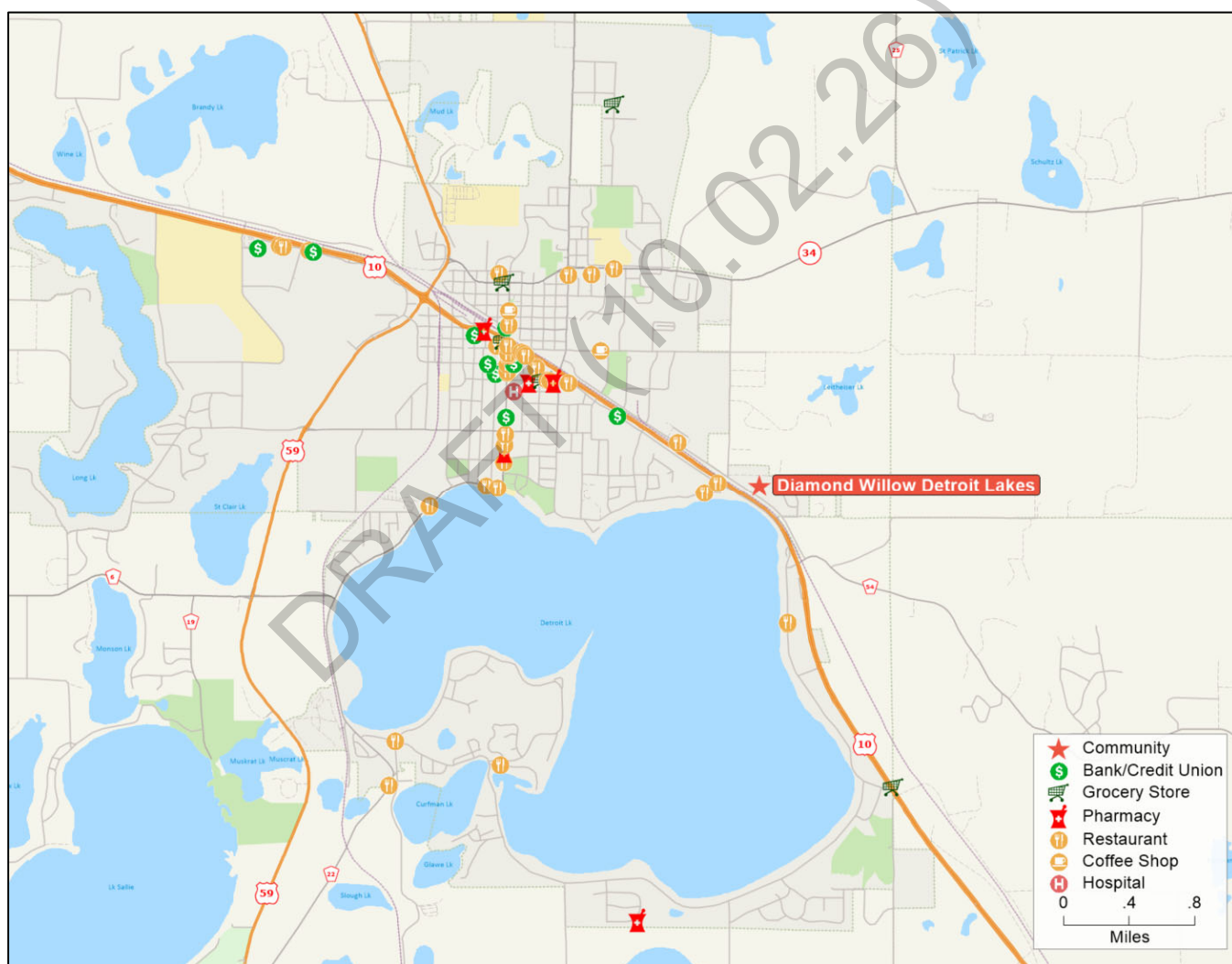
Diamond Willow Assisted Living & Memory Care Detroit Lakes is located at 1558 Randolph Road in Detroit Lakes, Minnesota, a regional lakes-area community in northwestern Minnesota. The immediate surrounding area is characterized by low-density residential homes and open green space, creating a suburban-rural setting with convenient access to community amenities. The community is located near Detroit Lake, providing access to walking trails and water-related recreational activities. Randolph Road provides access to U.S. Highway 10, the primary east-west transportation corridor serving the region. U.S. Highway 10 connects Detroit Lakes to Fargo-Moorhead to the west and to other communities throughout central Minnesota to the east, providing residents with access to employment centers, retail destinations, and regional services. Additional connectivity is provided by Minnesota State Highway 59, a major north-south route through Detroit Lakes that links the community to surrounding markets.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

throughout northwestern Minnesota. These transportation corridors support convenient access to healthcare providers, commercial amenities, and regional destinations.

Diamond Willow Detroit Lakes benefits from proximity to a comprehensive healthcare network serving the Detroit Lakes market. Nearby healthcare resources include Essentia Health St. Mary's-Detroit Lakes, a regional 130-bed acute care hospital located approximately 2 miles from the community, providing emergency care, inpatient and outpatient services, diagnostic imaging, surgical services, rehabilitation therapies, and specialty physician care. Additional healthcare resources include local physician practices, specialty clinics, pharmacies, and rehabilitation providers located throughout the Detroit Lakes area. These healthcare resources support a continuum of care for residents requiring routine medical management, specialty services, rehabilitation therapies, memory care, and emergency medical care.

The following map illustrates the location of Diamond Willow Detroit Lakes relative to surrounding land uses and transportation corridors.



Source: Maptitude

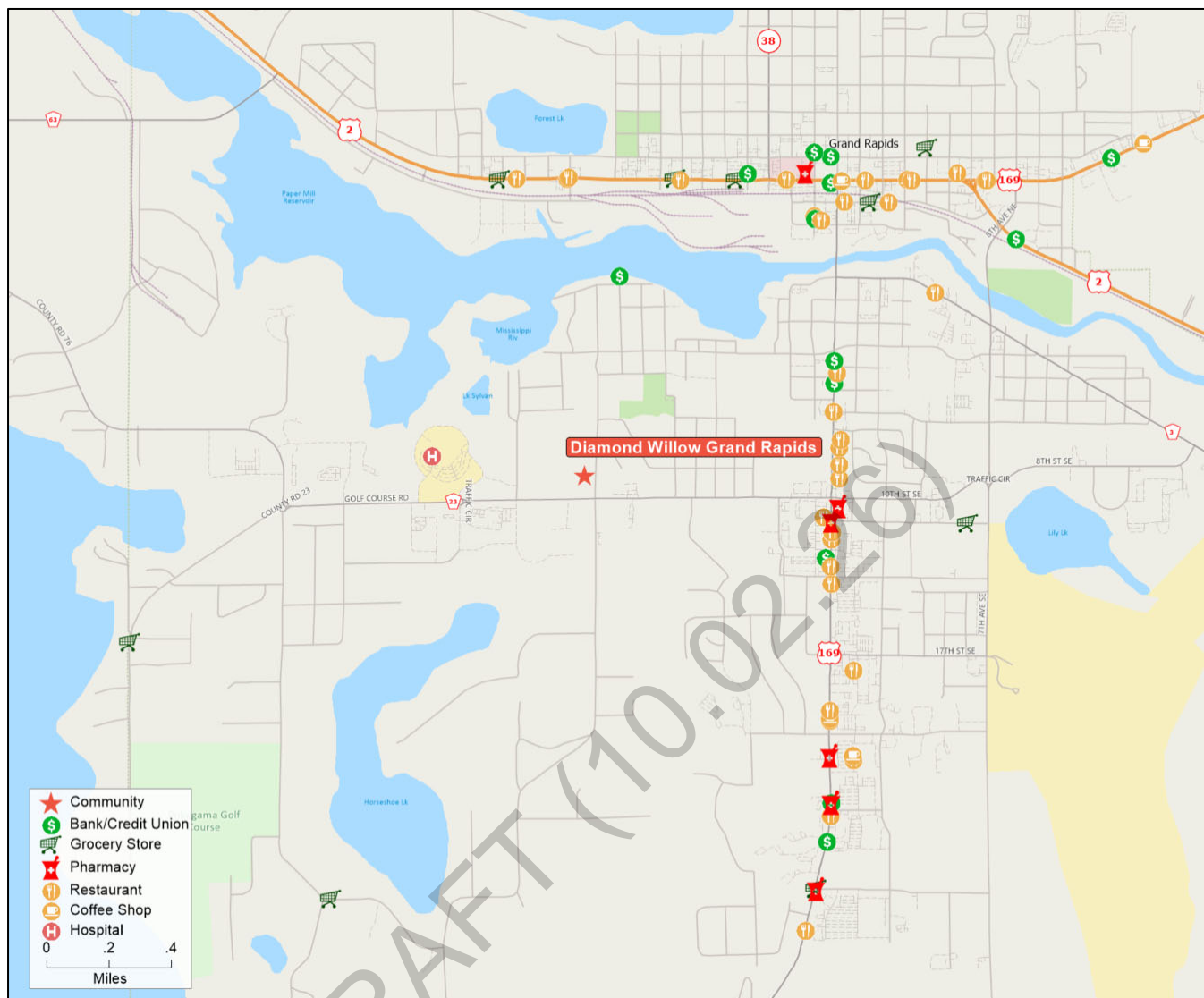
Diamond Willow Grand Rapids Site Description

Diamond Willow Assisted Living & Memory Care is situated at 949 SW 11th Avenue in Grand Rapids, Minnesota, a regional hub in north-central Minnesota surrounded by forests, lakes, and recreational amenities. The property is located within a predominantly residential area that also includes nearby medical services and neighborhood commercial services. Residents benefit from convenient access to U.S. Highway 2 and U.S. Highway 169, two major transportation corridors that serve the region. These highways connect Grand Rapids to Duluth, Bemidji, Hibbing, and other communities throughout northern Minnesota, providing access to employment centers, retail destinations, and regional services. The community's location also allows residents and visitors to reach downtown Grand Rapids, shopping areas, and local amenities within a short drive along U.S. Highway 169.

Diamond Willow Grand Rapids is supported by a well-established healthcare network serving Itasca County and the surrounding region. Healthcare services are anchored by Grand Itasca Clinic & Hospital, a 34-bed regional acute care hospital located adjacent to the community, less than one mile west. Additional healthcare resources include nearby medical clinics, specialty providers, pharmacies, and a variety of ancillary healthcare services located throughout Grand Rapids.

The following map illustrates the location of Diamond Willow Grand Rapids relative to surrounding land uses and transportation corridors.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



Source: Maptitude

Diamond Willow Lester Park Site Description

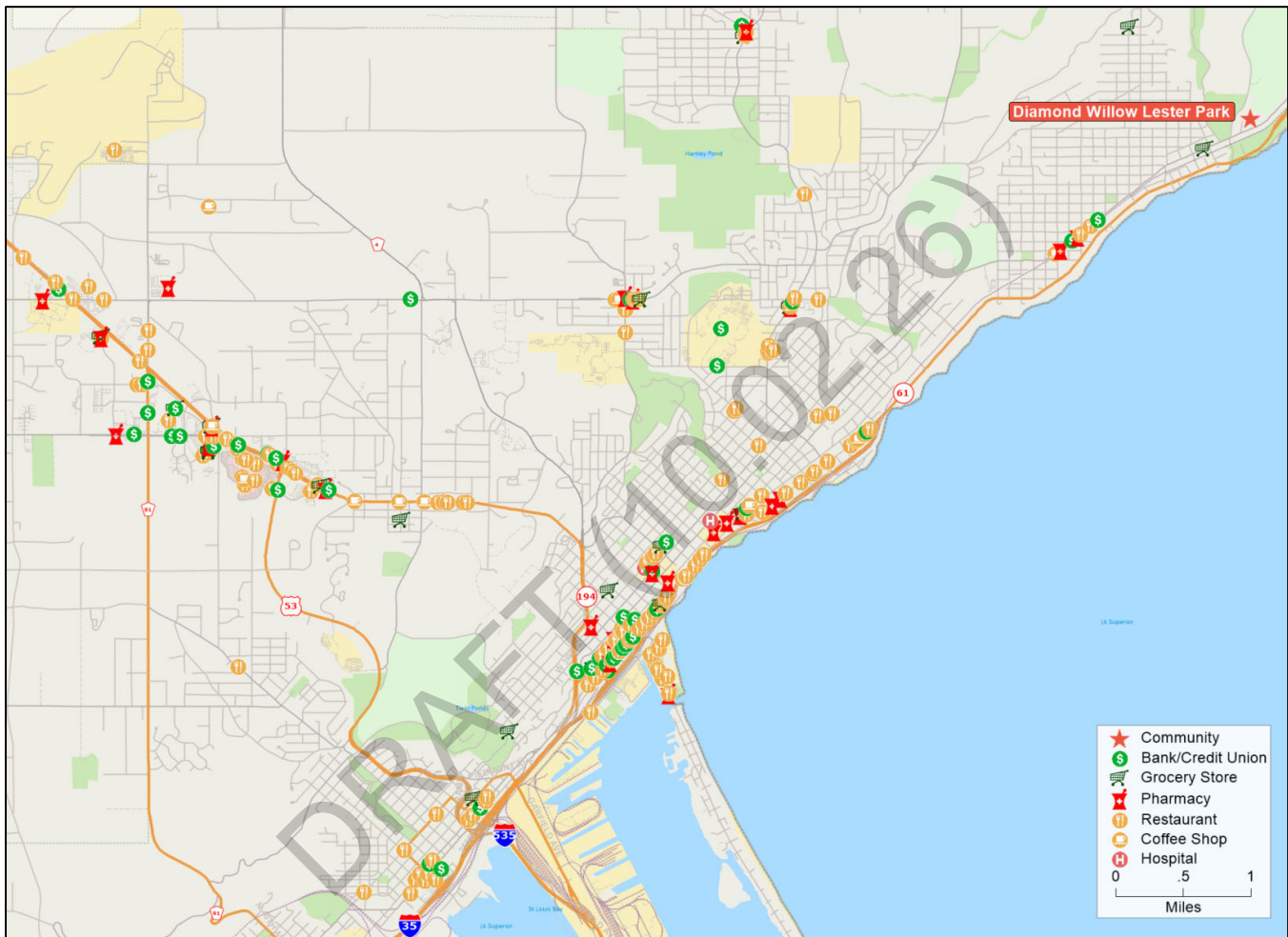
Diamond Willow Assisted Living & Memory Care Lester Park is located at 6353 East Superior Street in Duluth, Minnesota, within the Lester Park neighborhood along the city's scenic North Shore corridor. The immediate surrounding area is characterized by heavily wooded residential neighborhoods, parkland, and natural open space adjacent to Lake Superior, creating a quiet and predominantly residential setting. East Superior Street serves as a major local roadway connecting the community to downtown Duluth and the broader regional transportation network. The property benefits from convenient access to Interstate 35 via connecting local roadways, providing regional connectivity throughout northeastern Minnesota and to the Minneapolis-St. Paul metropolitan area. Residents also benefit from proximity to neighborhood retail services, recreational amenities, and the outdoor attractions that characterize the Lester Park and Lake Superior waterfront areas.

Diamond Willow Lester Park benefits from access to the comprehensive healthcare infrastructure serving the Duluth market. Nearby healthcare resources include Essentia Health St. Mary's Medical Center, a

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

345-bed acute care hospital, and Aspirus St. Luke's Hospital, a 257-bed acute care hospital, both of which provide emergency care, inpatient and outpatient treatment, surgical services, diagnostic imaging, rehabilitation therapies, and specialty physician services. In addition, residents have convenient access to nearby pharmacies as well as various medical offices and specialty providers located within a short driving distance of the community.

The following map illustrates the location of Diamond Willow Lester Park relative to surrounding land uses and transportation corridors.



Source: Maptitude

Diamond Willow Little Falls Site Description

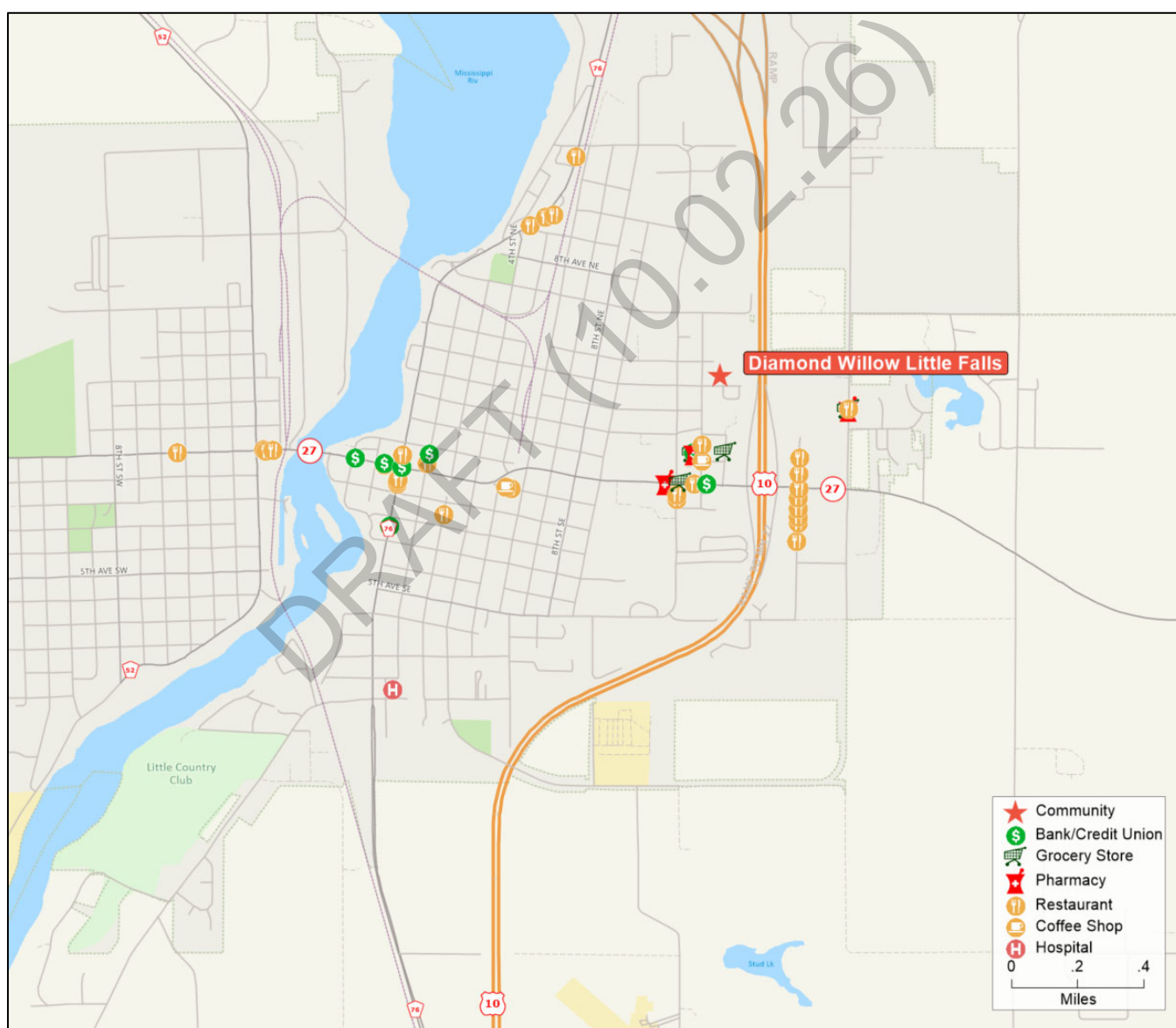
Diamond Willow Assisted Living & Memory Care Little Falls is located at 1401 5th Avenue NE in Little Falls, Minnesota, a regional community situated along the Mississippi River in central Minnesota. The surrounding area is characterized by low-density residential neighborhoods, commercial shopping, and rural farmland, creating a rural setting with convenient access to local services and amenities. Two senior living competitors, Bridgeway Estates and Highland Senior Living of Little Falls, are located less than one mile south of the community. 5th Avenue NE provides access to Minnesota Highway 27 and nearby U.S. Highway 10, which serves as a major east-west transportation corridor through central Minnesota. U.S. Highway 10 connects Little Falls to St. Cloud and the Minneapolis-St. Paul metropolitan area to the southeast and to communities throughout northwestern Minnesota. These transportation routes provide

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

residents with convenient access to healthcare providers, commercial amenities, employment centers, and regional destinations throughout central Minnesota.

Diamond Willow Little Falls benefits from access to a comprehensive healthcare network serving Morrison County and the surrounding region. Nearby healthcare resources include CHI St. Gabriel's Health, a 25-bed regional acute care hospital located approximately 2 miles south of the community, which provides emergency care, inpatient and outpatient services, surgical procedures, diagnostic imaging, rehabilitation therapies, and specialty physician care. Additional healthcare resources include local physician practices, specialty clinics, rehabilitation providers, pharmacies, and other senior care services located throughout Little Falls.

The following map illustrates the location of Diamond Willow Little Falls relative to surrounding land uses and transportation corridors.



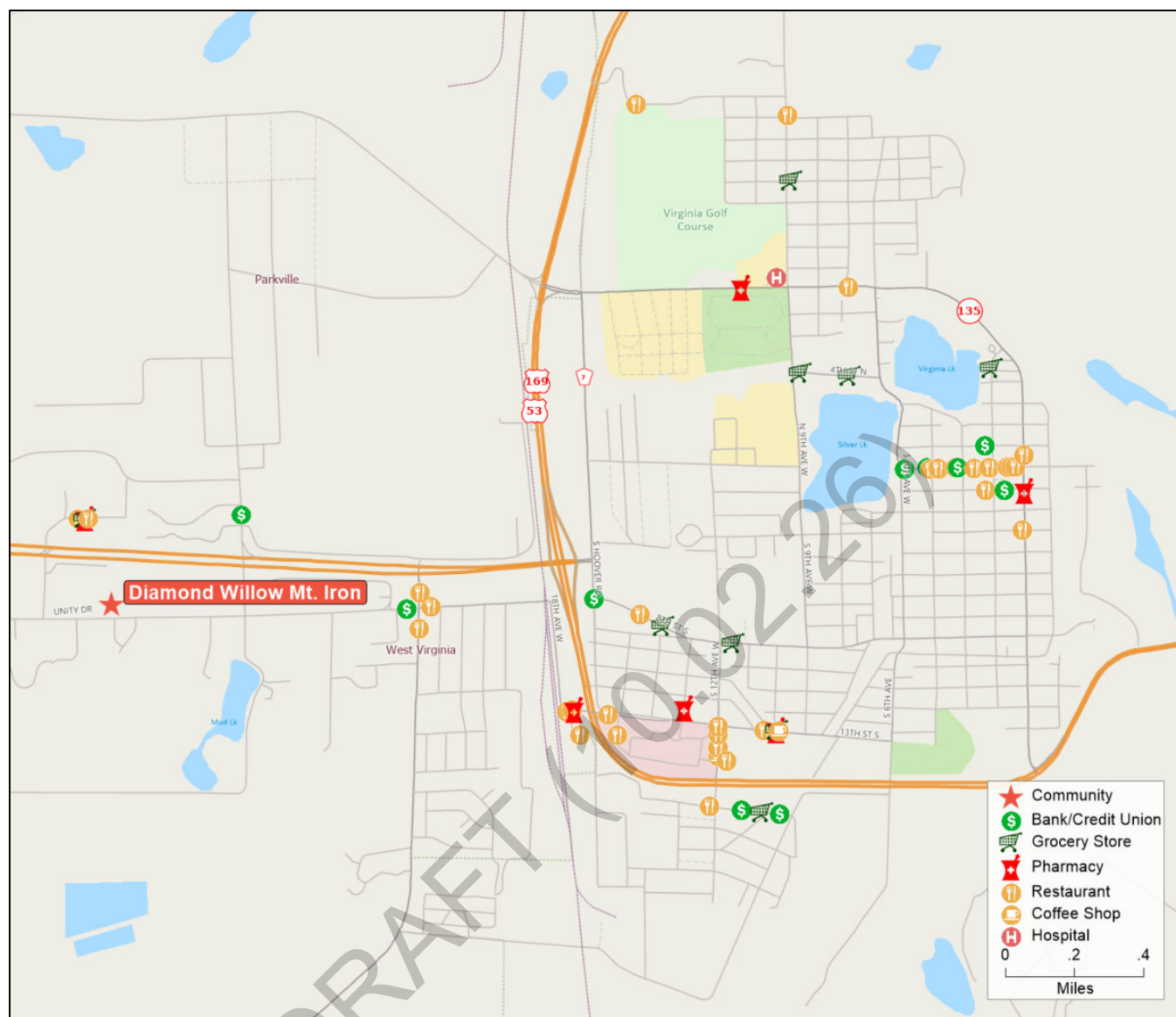
Source: Maptitude

Diamond Willow Mountain Iron Site Description

Diamond Willow Assisted Living & Memory Care Mountain Iron is located at 8583 Unity Drive in Mountain Iron, Minnesota, within the Iron Range region of northeastern Minnesota. The immediate surrounding area is characterized by a mix of low-density residential development and education services in a heavily wooded area. Unity Drive provides direct access to U.S. Highway 169, the primary transportation corridor serving the Iron Range communities. U.S. Highway 169 connects Mountain Iron with neighboring communities including Virginia, Hibbing, and Grand Rapids, while also providing regional connectivity to Duluth and other northeastern Minnesota markets. These transportation routes provide residents with convenient access to healthcare providers, retail destinations, employment centers, and community amenities throughout the Iron Range region.

Diamond Willow Mountain Iron benefits from access to healthcare services serving St. Louis County and the surrounding Iron Range market. Nearby healthcare resources include Essentia Health Virginia, a 126-bed regional acute care hospital located approximately 2 miles from the community, which provides emergency care, inpatient and outpatient services, surgical procedures, diagnostic imaging, rehabilitation therapies, and specialty physician services. Additional healthcare access is available through Fairview Mesaba Clinics and Aspirus St. Luke's Mountain Iron Clinic, both located less than one mile from the community, along with numerous physician practices, specialty clinics, and ancillary healthcare providers throughout the Virginia and Mountain Iron markets.

The following map illustrates the location of Diamond Willow Mountain Iron relative to surrounding land uses and transportation corridors.



Source: Mapitude

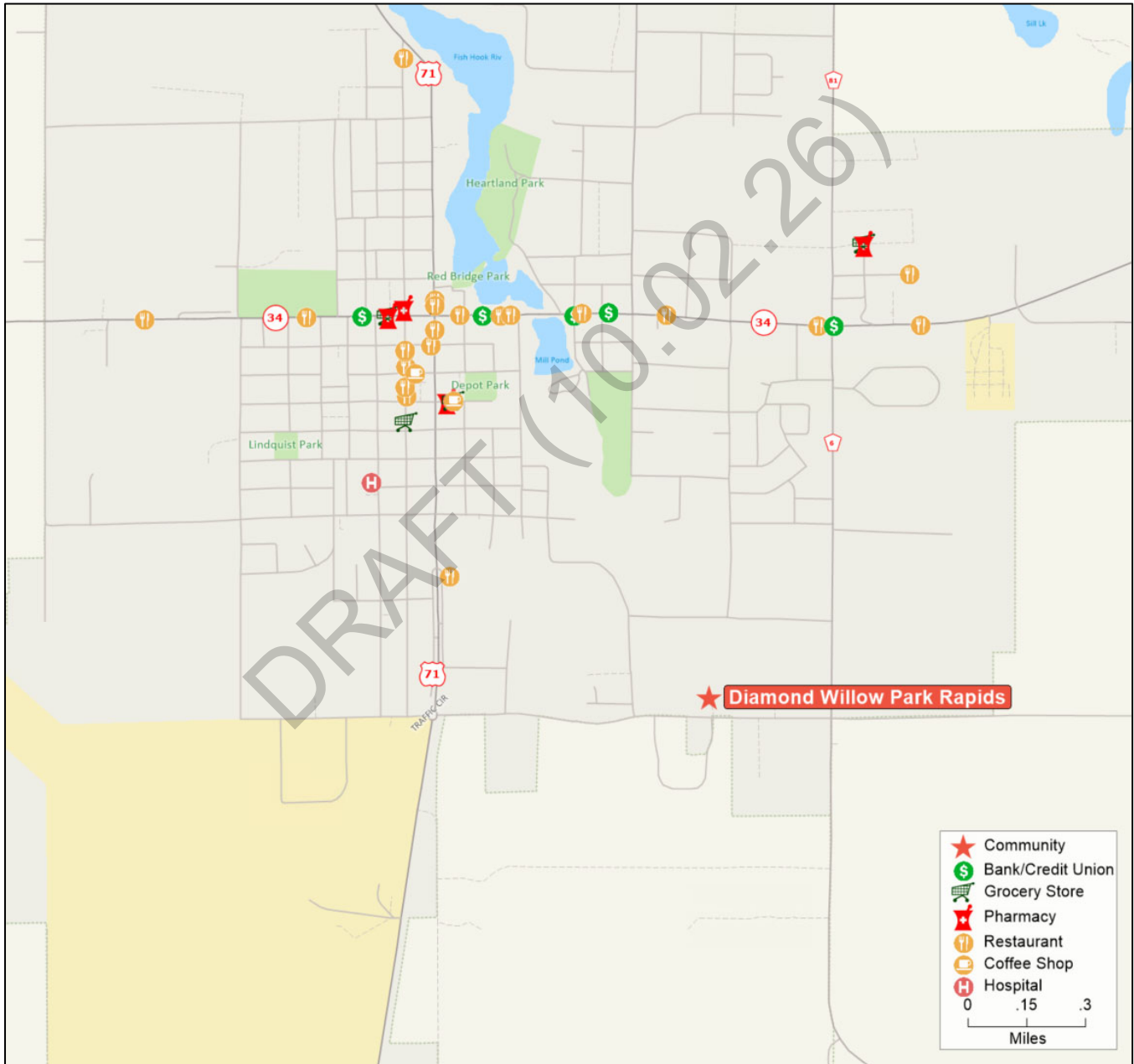
Diamond Willow Park Rapids Site Description

Diamond Willow Assisted Living & Memory Care Park Rapids is located at 909 Crocus Hill Street in Park Rapids, Minnesota, a regional community in north-central Minnesota known for its proximity to lakes, forests, and outdoor recreation areas. The immediate surrounding area is characterized by green space in a heavily wooded area, with low-density residential homes located south of the community, creating a quiet suburban setting. Crocus Hill Street provides access to U.S. Highway 71 and Minnesota State Highway 34, which serve as the primary transportation corridors through the region. U.S. Highway 71 connects the community to downtown Park Rapids, providing residents access to retail destinations and healthcare services. U.S. Highway 71 also connects Park Rapids to Bemidji to the north and Wadena to the south, while Highway 34 provides east-west connectivity to surrounding commercial and recreational destinations.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Diamond Willow Park Rapids benefits from access to a comprehensive healthcare network serving Hubbard County and the surrounding region. Nearby healthcare resources include CHI St. Joseph's Health, a 25-bed regional acute care hospital located approximately one mile from the community, providing emergency care, inpatient and outpatient services, surgical procedures, diagnostic imaging, rehabilitation therapies, and specialty physician care. Additional healthcare services are available through local physician practices, including nearby specialty providers, pharmacies, and ancillary healthcare services located throughout Park Rapids.

The following map illustrates the location of Diamond Willow Park Rapids relative to surrounding land uses and transportation corridors.



Source: Mapitude

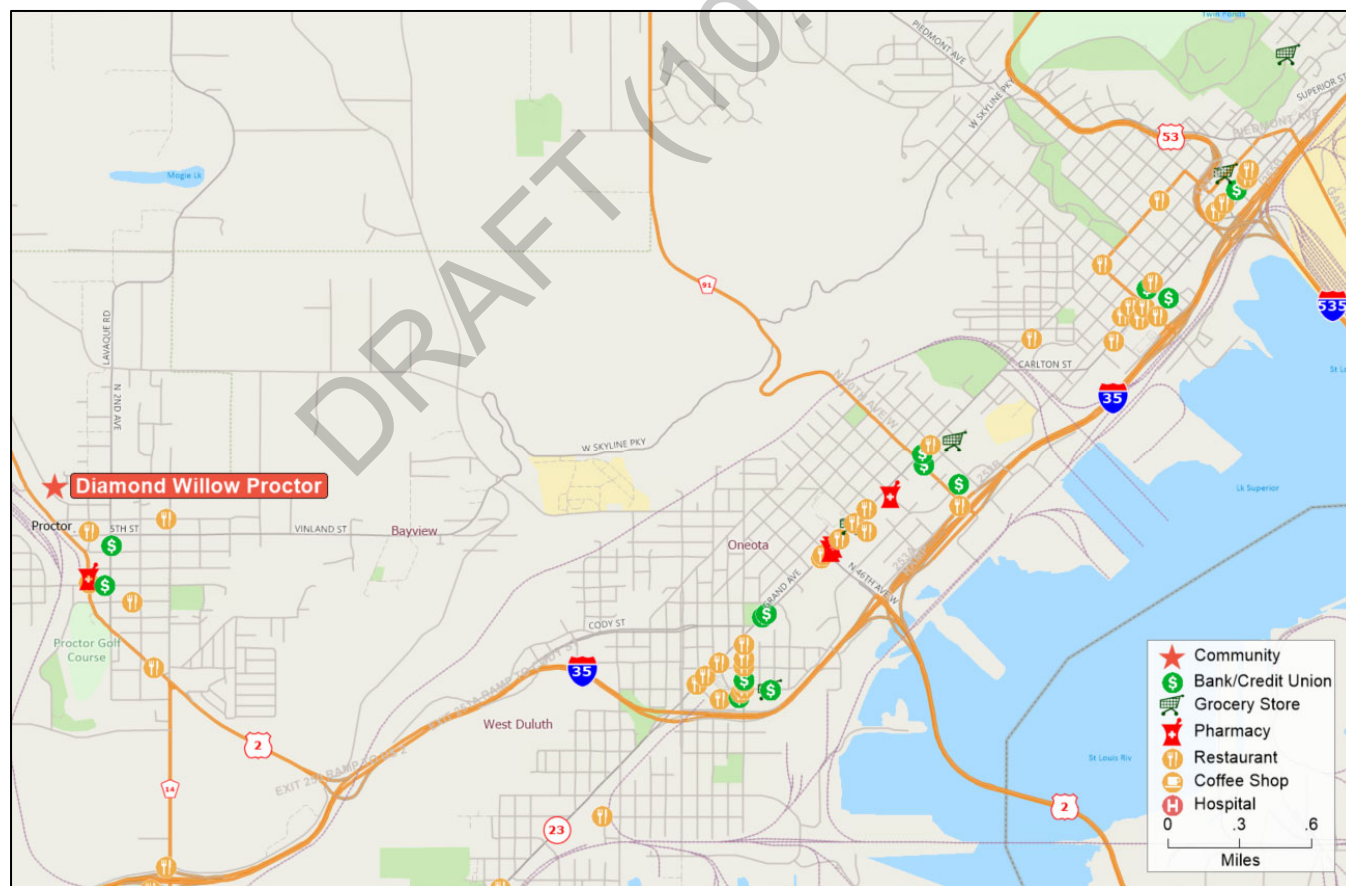
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Diamond Willow Proctor Site Description

Diamond Willow Assisted Living & Memory Care is located at 915 Old Highway 2 in Proctor, Minnesota, a small community immediately southwest of Duluth. The property is situated in a primarily residential area surrounded by wooded landscapes and open space, offering a quieter setting while maintaining close proximity to the amenities of the Duluth metropolitan area. Old Highway 2 provides convenient access to Interstate 35 and U.S. Highway 53, the primary transportation corridors serving northeastern Minnesota. These routes connect Proctor to downtown Duluth, regional employment centers, retail destinations, and neighboring communities throughout the Arrowhead region. The community's location allows residents and visitors to access a variety of commercial, recreational, and community services within a short drive while benefiting from a more suburban environment.

Diamond Willow Proctor is supported by the extensive healthcare resources available throughout the Duluth market. Major healthcare providers in the region include Essentia Health St. Mary's Medical Center, a 345-bed acute care hospital, and Aspirus St. Luke's Hospital, a 257-bed acute care hospital, both of which offer comprehensive inpatient and outpatient services, emergency care, advanced diagnostic imaging, rehabilitation therapies, surgical services, and specialty physician care. Additional healthcare resources, including physician offices, outpatient clinics, therapy providers, pharmacies, and home health services, are located throughout the Proctor and Duluth area.

The following map illustrates the location of Diamond Willow Proctor relative to surrounding land uses and transportation corridors.



Source: Maptitude

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Hospital Information

The following table summarizes hospitals located within fifteen miles of each of the Communities.

Table 14
Hospitals Located Within Fifteen Miles of the Communities

Hospital Name	Location (City/ZIP Code)	Approximate Miles from the Communities	# of Beds	Hospital Type
Keystone Bluffs Assisted Living				
Aspirus St. Luke's Hospital	Duluth / 55805	5	257	Short Term Acute Care
Essentia Health - Duluth	Duluth / 55805	5	159	Short Term Acute Care
Essentia Health St. Mary's Medical Center	Duluth / 55805	5	345	Short Term Acute Care
Essentia Health St. Mary's - Superior	Superior / 54880	9	16	Critical Access
Diamond Willow Cloquet				
Community Memorial Hospital	Cloquet / 55720	1	22	Short Term Acute Care
Diamond Willow Detroit Lakes				
Essentia Health St. Mary's - Detroit Lakes	Detroit Lakes / 56501	2	130	Short Term Acute Care
Diamond Willow Grand Rapids				
Grand Itasca Hospital	Grand Rapids / 55744	1	34	Short Term Acute Care
Diamond Willow Lester Park				
Aspirus St. Luke's Hospital	Duluth / 55805	6	257	Short Term Acute Care
Essentia Health - Duluth	Duluth / 55805	6	159	Short Term Acute Care
Essentia Health St. Mary's Medical Center	Duluth / 55805	6	345	Short Term Acute Care
Essentia Health St. Mary's - Superior	Superior / 54880	14	16	Critical Access
Diamond Willow Little Falls				
CHI St. Gabriel's Hospital	Little Falls / 56345	2	25	Critical Access
Diamond Willow Mt. Iron				
Essentia Health - Virginia	Virginia / 55792	3	126	Short Term Acute Care
Diamond Willow Park Rapids				
CHI St. Joseph's Health	Park Rapids / 56470	1	25	Critical Access
Diamond Willow Proctor				
Aspirus St. Luke's Hospital	Duluth / 55805	9	257	Short Term Acute Care
Essentia Health - Duluth	Duluth / 55805	9	159	Short Term Acute Care
Essentia Health St. Mary's Medical Center	Duluth / 55805	9	345	Short Term Acute Care
Essentia Health St. Mary's - Superior	Superior / 54880	14	16	Critical Access

Source: American Hospital Directory and NIC-Map ® Data Service, <https://www.nicmap.com/>, August 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Economy and Employment Information

The following table summarizes employment by industry sector as of May 2025 for the Northwest Minnesota Nonmetropolitan Area (the counties in which Diamond Willow Detroit Lakes, Diamond Willow Little Falls, and Diamond Willow Park Rapids are respectively located), Northeast Minnesota Nonmetropolitan Area (the counties in which Diamond Willow Grand Rapids is located) and Duluth, Minnesota – Wisconsin (the county in which Keystone Bluffs, Diamond Willow Cloquet, Diamond Willow Lester Park, Diamond Willow Mt. Iron, and Diamond Willow Proctor are respectively located).

Table 15
Employment by Industry Sector – May 2025

Major Occupational Group	Northwest Minnesota Nonmetropolitan Area ⁽¹⁾		Northeast Minnesota Nonmetropolitan Area ⁽²⁾		Duluth, MN-WI MSA ⁽³⁾	
	Number	Percentage	Number	Percentage	Number	Percentage
Architecture and Engineering	2,750	1.4%	360	0.8%	2,130	1.7%
Arts, Design, Entertainment, Sports, and Media	1,570	0.8%	300	0.7%	1,200	1.0%
Building and Grounds Cleaning and Maintenance	7,100	3.7%	2,040	4.6%	3,770	3.0%
Business and Financial Operations	7,160	3.7%	1,400	3.2%	5,480	4.4%
Community and Social Service	4,460	2.3%	1,240	2.8%	3,530	2.8%
Computer and Mathematical	1,940	1.0%	300	0.7%	1,910	1.5%
Construction and Extraction	10,000	5.2%	2,950	6.7%	7,010	5.6%
Educational Instruction and Library	13,260	6.9%	3,030	6.9%	7,360	5.9%
Farming, Fishing, and Forestry	480	0.2%	220	0.5%	120	0.1%
Food Preparation and Serving Related	18,760	9.7%	5,030	11.4%	13,260	10.6%
Healthcare Practitioners and Technical	13,080	6.8%	2,880	6.6%	10,310	8.3%
Healthcare Support	10,940	5.7%	2,570	5.8%	9,080	7.3%
Installation, Maintenance, and Repair	8,240	4.3%	1,990	4.5%	5,650	4.5%
Legal	780	0.4%	130	0.3%	540	0.4%
Life, Physical, and Social Science	1,480	0.8%	570	1.3%	1,440	1.2%
Management	10,620	5.5%	2,400	5.5%	6,840	5.5%
Office and Administrative Support	22,060	11.4%	4,970	11.3%	13,300	10.7%
Personal Care and Service	4,410	2.3%	1,110	2.5%	3,190	2.6%
Production	16,240	8.4%	2,280	5.2%	6,070	4.9%
Protective Service	3,440	1.8%	1,120	2.5%	2,600	2.1%
Sales and Related	17,470	9.0%	4,010	9.1%	10,780	8.6%
Transportation and Material Moving	16,800	8.7%	3,050	6.9%	9,150	7.3%
All Occupations ⁽⁴⁾	193,040	100.0%	43,950	100.0%	124,720	100.0%

Source: United States Department of Labor, Bureau of Labor Statistics, May 2025 Occupational Employment and Wage Estimates, www.bls.gov/oes/current.

Notes:

(1) The Northwest Minnesota nonmetropolitan area represents Becker, Beltrami, Cass, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin counties in Minnesota.

(2) The Northeast Minnesota nonmetropolitan area represents Aitkin, Cook, Itasca, Kanabec, Koochiching, Lake, and Pine counties in Minnesota.

(3) The Duluth, MN-WI MSA represents Carlton and St. Louis counties in Minnesota and Douglas County in Wisconsin.

(4) The sum of employment for each category may not foot to the total for all due to rounding estimates.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes unemployment rate trends for the counties in which the Communities are located, together with the United States, from 2023 through year-to-date 2026.

Table 16
Unemployment Rate Trends ⁽¹⁾

County / State	Community	Average Annual Unemployment			
		2023	2024	2025 ⁽²⁾	2026 ⁽³⁾
Becker County, MN	Diamond Willow Detroit Lakes	3.2%	3.6%	4.5%	5.7%
Carlton County, MN	Diamond Willow Cloquet	3.7%	3.9%	5.1%	6.0%
Hubbard County, MN	Diamond Willow Park Rapids	4.2%	4.6%	5.9%	6.9%
Itasca County, MN	Diamond Willow Grand Rapids	4.9%	4.9%	6.2%	7.3%
Morrison County, MN	Diamond Willow Little Falls	4.3%	4.5%	5.7%	7.3%
St. Louis County, MN	⁽⁴⁾	3.2%	3.5%	4.6%	5.4%
State of Minnesota	The Communities	2.8%	3.1%	3.9%	4.7%
United States		3.6%	4.0%	4.3%	4.4%

Source: U.S. Bureau of Labor Statistics, www.bls.gov, August 2026.

Notes:

(1) Data reflects rates not seasonally adjusted.

(2) 2025 data excludes reporting for October 2025 as data was unavailable due to lapse in appropriations from the government shutdown.

(3) Data is through June 2026.

(4) Keystone Bluffs, Diamond Willow Lester Park, and Diamond Willow Proctor are located in St. Louis County, MN.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Primary Market Areas

Management typically defines a primary market area (“PMA”) as the geographic area from which residents are assumed to originate prior to occupancy at the Communities. For purposes of this Market Assessment, a ten-mile radius was utilized to define each community’s PMA. Keystone Bluffs, Diamond Willow Lester Park, and Diamond Willow Proctor collectively comprise the Duluth market area (“Duluth PMA”). The Duluth PMA is defined as a ten-mile radius around downtown Duluth.

The following map depicts the location of the Communities relative to one another.



Source: Maptitude

Population Data

Management considers the age distribution of the population within a geographic area to be a key factor in evaluating retirement housing needs. The following table presents senior population data for the Diamond Willow Cloquet PMA, Diamond Willow Detroit Lakes PMA, Diamond Willow Grand Rapids PMA, Diamond Willow Little Falls PMA, Diamond Willow Mt. Iron PMA, Diamond Willow Park Rapids PMA, the Duluth PMA, and the United States.

The 2020 data was compiled from the 2020 Census. The 2026 and 2031 figures presented in the following three tables are estimates and forecasts, respectively, provided by Environics Analytics, a recognized source of census-based demographic information.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 17
Senior Population Change for the PMAs

	2020	2026	2031	Avg. Compounded % Change	
	(Actual) Population	(Estimated) Population	(Projected) Population	2020 to 2026	2026 to 2031
<u>Diamond Willow Cloquet PMA</u>					
Total Population	29,196	29,407	29,599	0.1%	0.1%
Under 65	23,909	23,465	22,940	-0.3%	-0.5%
Age 65 to 74	3,054	3,491	3,618	2.3%	0.7%
Age 75 to 84	1,531	1,771	2,255	2.5%	5.0%
Age 85+	702	680	786	-0.5%	2.9%
Total Age 65 & Over	5,287	5,942	6,659	2.0%	2.3%
Total Age 75 & Over	2,233	2,451	3,041	1.6%	4.4%
<u>Diamond Willow Detroit Lakes PMA</u>					
Total Population	22,772	22,863	22,834	0.1%	0.0%
Under 65	17,600	17,141	16,568	-0.4%	-0.7%
Age 65 to 74	2,941	3,256	3,397	1.7%	0.9%
Age 75 to 84	1,577	1,809	2,166	2.3%	3.7%
Age 85+	654	657	703	0.1%	1.4%
Total Age 65 & Over	5,172	5,722	6,266	1.7%	1.8%
Total Age 75 & Over	2,231	2,466	2,869	1.7%	3.1%
<u>Diamond Willow Grand Rapids PMA</u>					
Total Population	25,633	25,903	25,976	0.2%	0.1%
Under 65	19,676	19,140	18,526	-0.5%	-0.6%
Age 65 to 74	3,414	3,858	4,059	2.1%	1.0%
Age 75 to 84	1,794	2,143	2,566	3.0%	3.7%
Age 85+	749	762	825	0.3%	1.6%
Total Age 65 & Over	5,957	6,763	7,450	2.1%	2.0%
Total Age 75 & Over	2,543	2,905	3,391	2.2%	3.1%
<u>Diamond Willow Little Falls PMA</u>					
Total Population	17,276	17,437	17,471	0.2%	0.0%
Under 65	13,639	13,278	12,905	-0.4%	-0.6%
Age 65 to 74	1,978	2,321	2,404	2.7%	0.7%
Age 75 to 84	1,093	1,286	1,573	2.7%	4.1%
Age 85+	566	552	589	-0.4%	1.3%
Total Age 65 & Over	3,637	4,159	4,566	2.3%	1.9%
Total Age 75 & Over	1,659	1,838	2,162	1.7%	3.3%
<u>Diamond Willow Mt. Iron PMA</u>					
Total Population	22,654	22,209	21,910	-0.3%	-0.3%
Under 65	17,141	16,203	15,524	-0.9%	-0.9%
Age 65 to 74	3,273	3,491	3,481	1.1%	-0.1%
Age 75 to 84	1,500	1,801	2,160	3.1%	3.7%
Age 85+	740	714	745	-0.6%	0.9%
Total Age 65 & Over	5,513	6,006	6,386	1.4%	1.2%
Total Age 75 & Over	2,240	2,515	2,905	1.9%	2.9%

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

**Table 17 (cont.)
Senior Population Change for the PMAs**

	2020	2026	2031	Avg. Compounded % Change	
	(Actual) Population	(Estimated) Population	(Projected) Population	2020 to 2026	2026 to 2031
<u>Diamond Willow Park Rapids PMA</u>					
Total Population	12,372	12,845	13,187	0.6%	0.5%
Under 65	9,091	9,039	8,912	-0.1%	-0.3%
Age 65 to 74	1,858	2,175	2,374	2.7%	1.8%
Age 75 to 84	1,057	1,198	1,427	2.1%	3.6%
Age 85+	366	433	474	2.8%	1.8%
Total Age 65 & Over	3,281	3,806	4,275	2.5%	2.4%
Total Age 75 & Over	1,423	1,631	1,901	2.3%	3.1%
<u>Duluth PMA</u>					
Total Population	133,112	133,351	133,120	0.0%	0.0%
Under 65	109,527	106,836	104,352	-0.4%	-0.5%
Age 65 to 74	13,772	15,132	15,035	1.6%	-0.1%
Age 75 to 84	6,700	8,263	10,286	3.6%	4.5%
Age 85+	3,113	3,120	3,447	0.0%	2.0%
Total Age 65 & Over	23,585	26,515	28,768	2.0%	1.6%
Total Age 75 & Over	9,813	11,383	13,733	2.5%	3.8%
<u>Minnesota</u>					
Total Population	5,706,494	5,814,567	5,900,745	0.3%	0.3%
Under 65	4,757,201	4,705,481	4,656,751	-0.2%	-0.2%
Age 65 to 74	557,198	641,597	680,253	2.4%	1.2%
Age 75 to 84	275,437	344,169	422,844	3.8%	4.2%
Age 85+	116,658	123,320	140,897	0.9%	2.7%
Total Age 65 & Over	949,293	1,109,086	1,243,994	2.6%	2.3%
Total Age 75 & Over	392,095	467,489	563,741	3.0%	3.8%
<u>United States</u>					
Total Population	331,449,281	342,965,686	351,802,157	0.6%	0.5%
Under 65	275,656,780	278,171,587	278,075,599	0.2%	0.0%
Age 65 to 74	33,111,965	37,093,055	39,914,163	1.9%	1.5%
Age 75 to 84	16,344,101	20,910,958	25,795,092	4.2%	4.3%
Age 85+	6,336,435	6,790,086	8,017,303	1.2%	3.4%
Total Age 65 & Over	55,792,501	64,794,099	73,726,558	2.5%	2.6%
Total Age 75 & Over	22,680,536	27,701,044	33,812,395	3.4%	4.1%

The following table presents the percentage of the total population by age group for the senior population in the Diamond Willow Cloquet PMA, Diamond Willow Detroit Lakes PMA, Diamond Willow Grand Rapids PMA, Diamond Willow Little Falls PMA, Diamond Willow Mt. Iron PMA, Diamond Willow Park Rapids PMA, the Duluth PMA, and the United States.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 18
Percentage of Total Population by Age Cohort

Age Cohort	2020 (Actual)							Minnesota	United States
	Diamond Willow Cloquet PMA	Diamond Willow Detroit Lakes PMA	Diamond Willow Grand Rapids PMA	Diamond Willow Little Falls PMA	Diamond Willow Mt. Iron PMA	Diamond Willow Park Rapids PMA	Duluth PMA		
65 & Over	18.1%	22.7%	23.2%	21.1%	24.3%	26.5%	17.7%	16.6%	16.8%
75 & Over	7.6%	9.8%	9.9%	9.6%	9.9%	11.5%	7.4%	6.9%	6.8%
85 & Over	2.4%	2.9%	2.9%	3.3%	3.3%	3.0%	2.3%	2.0%	1.9%
Age Cohort	2026 (Estimated)							Minnesota	United States
	Diamond Willow Cloquet PMA	Diamond Willow Detroit Lakes PMA	Diamond Willow Grand Rapids PMA	Diamond Willow Little Falls PMA	Diamond Willow Mt. Iron PMA	Diamond Willow Park Rapids PMA	Duluth PMA		
65 & Over	20.2%	25.0%	26.1%	23.9%	27.0%	29.6%	19.9%	19.1%	18.9%
75 & Over	8.3%	10.8%	11.2%	10.5%	11.3%	12.7%	8.5%	8.0%	8.1%
85 & Over	2.3%	2.9%	2.9%	3.2%	3.2%	3.4%	2.3%	2.1%	2.0%
Age Cohort	2031 (Projected)							Minnesota	United States
	Diamond Willow Cloquet PMA	Diamond Willow Detroit Lakes PMA	Diamond Willow Grand Rapids PMA	Diamond Willow Little Falls PMA	Diamond Willow Mt. Iron PMA	Diamond Willow Park Rapids PMA	Duluth PMA		
65 & Over	22.5%	27.4%	28.7%	26.1%	29.1%	32.4%	21.6%	21.1%	21.0%
75 & Over	10.3%	12.6%	13.1%	12.4%	13.3%	14.4%	10.3%	9.6%	9.6%
85 & Over	2.7%	3.1%	3.2%	3.4%	3.4%	3.6%	2.6%	2.4%	2.3%

Source: Environics Analytics

Senior Household Income in the PMAs

The following table presents household income distribution data for Diamond Willow Cloquet PMA, Diamond Willow Detroit Lakes PMA, Diamond Willow Grand Rapids PMA, Diamond Willow Little Falls PMA, Diamond Willow Mt. Iron PMA, Diamond Willow Park Rapids PMA, the Duluth PMA, and the United States. The 2026 and 2031 figures shown are estimates provided by Environics Analytics.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 19
Senior Household Incomes

Income Breaks	Age 65-74		Age 75-84		Age 85 and over		Age 75 and over	
	2026	2031	2026	2031	2026	2031	2026	2031
Diamond Willow Cloquet PMA								
Less than \$35,000	475	427	319	367	151	162	470	529
\$35,000 - 49,999	286	255	160	176	52	46	212	222
\$50,000 - 74,999	454	415	233	268	69	77	302	345
\$75,000 - 99,999	296	312	136	179	35	47	171	226
\$100,000 and above	613	747	245	379	55	83	300	462
Total Households	2,124	2,156	1,093	1,369	362	415	1,455	1,784
Median Household Income	\$65,867	\$73,738	\$56,591	\$62,477	\$43,401	\$49,830	\$53,309	\$59,535
Diamond Willow Detroit Lakes PMA								
Less than \$35,000	257	234	203	215	121	120	324	335
\$35,000 - 49,999	214	191	147	160	59	54	206	214
\$50,000 - 74,999	363	353	215	246	77	86	292	332
\$75,000 - 99,999	322	311	164	186	46	48	210	234
\$100,000 and above	656	797	283	406	78	104	361	510
Total Households	1,812	1,886	1,012	1,213	381	412	1,393	1,625
Median Household Income	\$74,391	\$82,093	\$59,919	\$66,061	\$43,995	\$50,538	\$55,563	\$62,125
Diamond Willow Grand Rapids PMA								
Less than \$35,000	281	265	206	221	111	111	317	332
\$35,000 - 49,999	344	341	226	267	78	90	304	357
\$50,000 - 74,999	593	547	326	353	96	94	422	447
\$75,000 - 99,999	343	376	163	213	41	43	204	256
\$100,000 and above	592	731	235	338	55	74	290	412
Total Households	2,153	2,260	1,156	1,392	381	412	1,537	1,804
Median Household Income	\$63,929	\$68,910	\$54,405	\$57,630	\$42,420	\$43,767	\$51,434	\$54,464
Diamond Willow Little Falls PMA								
Less than \$35,000	348	326	244	272	134	135	378	407
\$35,000 - 49,999	273	252	166	187	65	65	231	252
\$50,000 - 74,999	166	182	85	117	27	33	112	150
\$75,000 - 99,999	182	187	84	107	24	26	108	133
\$100,000 and above	317	373	121	174	30	38	151	212
Total Households	1,286	1,320	700	857	280	297	980	1,154
Median Household Income	\$46,856	\$51,213	\$39,316	\$41,908	\$30,735	\$32,101	\$36,864	\$39,384
Diamond Willow Mt. Iron PMA								
Less than \$35,000	411	368	309	343	175	166	484	509
\$35,000 - 49,999	431	388	256	271	82	75	338	346
\$50,000 - 74,999	476	465	242	306	74	80	316	386
\$75,000 - 99,999	319	290	133	153	39	40	172	193
\$100,000 and above	419	512	143	217	41	54	184	271
Total Households	2,056	2,023	1,083	1,290	411	415	1,494	1,705
Median Household Income	\$53,912	\$58,120	\$44,285	\$47,535	\$34,509	\$36,972	\$41,596	\$44,964
Diamond Willow Park Rapids PMA								
Less than \$35,000	242	235	174	197	96	99	270	296
\$35,000 - 49,999	140	145	88	95	34	35	122	130
\$50,000 - 74,999	267	273	153	174	47	50	200	224
\$75,000 - 99,999	207	226	103	126	28	32	131	158
\$100,000 and above	348	449	147	213	39	52	186	265
Total Households	1,204	1,328	665	805	244	268	909	1,073
Median Household Income	\$65,787	\$71,626	\$55,323	\$59,906	\$39,151	\$42,652	\$50,982	\$55,596
Duluth PMA								
Less than \$35,000	2,515	2,058	1,731	1,558	589	584	2,320	2,142
\$35,000 - 49,999	1,267	1,200	801	959	345	399	1,146	1,358
\$50,000 - 74,999	1,793	1,622	1,001	1,134	346	359	1,347	1,493
\$75,000 - 99,999	1,132	1,073	548	679	166	187	714	866
\$100,000 and above	2,717	3,082	1,159	1,716	321	422	1,480	2,138
Total Households	9,424	9,035	5,240	6,046	1,767	1,951	7,007	7,997
Median Household Income	\$62,036	\$67,640	\$52,183	\$56,532	\$41,891	\$44,752	\$49,588	\$53,658
Minnesota								
Total Households	388,273	406,002	214,467	261,008	78,403	88,516	292,870	349,524
Median Household Income	\$71,487	\$79,298	\$57,308	\$63,365	\$43,302	\$47,467	\$53,558	\$59,339
United States								
Total Households	22,282,742	23,634,756	12,957,871	15,818,526	4,195,971	4,880,891	17,153,842	20,699,417
Median Household Income	\$70,912	\$80,393	\$55,192	\$62,360	\$40,465	\$45,119	\$51,590	\$58,295

Source: Environics Analytics

See Independent Accountant's Report
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SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Competitive Assessment

Summary of Competitors

The following tables summarize assisted living and memory care assisted living communities within the Diamond Willow Cloquet PMA, Diamond Willow Detroit Lakes PMA, Diamond Willow Grand Rapids PMA, Diamond Willow Little Falls PMA, Diamond Willow Mt. Iron PMA, Diamond Willow Park Rapids PMA, and the Duluth PMA.

Table 20
Communities in the Diamond Willow Cloquet PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Cloquet	Cloquet	Diamond Willow Assisted Living	2006	Profit	26	0	26
Evergreen Knoll	Cloquet	HADC Services, LLC	1999	Nonprofit	39	23	62
Interfaith Care Center	Carlton	Inter-Faith Care Center	2001	Nonprofit	18	0	18
New Perspective Senior Living	Cloquet	New Perspective	1999	Profit	60	26	86
Suncrest Assisted Living	Cloquet	St. Francis Health Services	1999	Nonprofit	51	0	51
Total					194	49	243

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Table 21
Communities in the Diamond Willow Detroit Lakes PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Detroit Lake	Detroit Lake	Diamond Willow Assisted Living	2007	Profit	30	0	30
Ecumen Detroit Lakes	Detroit Lake	Ecumen	1972	Nonprofit	17	8	25
Frazee Assisted Living	Frazee	Legacy Senior Services	1985	Nonprofit	19	0	19
Golden Manor Assisted Living	Detroit Lake	Golden Manor Assisted Living	2003	Profit	15	7	22
Lincoln Park Assisted Living	Detroit Lake	Essentia Health	2000	Nonprofit	34	0	34
Pelican Landing Senior Living	Detroit Lake	Progressive Care Management	2018	Profit	64	27	91
Total					179	42	221

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Table 22
Communities in the Diamond Willow Grand Rapids PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Grand Rapids	Grand Rapids	Diamond Willow Assisted Living	2006	Profit	26	0	26
Americare Lodges	Grand Rapids	Americare Assisted Living, Inc.	2013	Profit	28	0	28
Autumn Lane Inc	Cohasset	Autumn Lane, Inc.	2005	Profit	15	7	22
Brookstone Manor	Grand Rapids	Partners Senior Living Options	2017	Profit	55	0	55
Garden Court Chateau	Grand Rapids	Garden Court Chateau	2007	Profit	24	0	24
Home And Comfort Inc Of Grand	Coleraine	Home and Comfort	2022	Profit	18	0	18
Majestic Pines	Grand Rapids	Progressive Care Management	2014	Profit	71	30	101
Maple Woods Assisted Living	Cohasset	Maple Woods Assisted Living and	2012	Profit	21	9	30
Oak Hill Assisted Living	Grand Rapids	Oak Hill Assisted Living	2020	Profit	24	0	24
River Grand Senior Living	Grand Rapids	Progressive Care Management	2008	Profit	55	23	78
The Emeralds At Grand Rapids	Grand Rapids	Monarch Healthcare Management	2019	Profit	55	0	55
The Pillars Of Grand Rapids	Grand Rapids	Ebenezer Senior Living	2022	Nonprofit	98	42	140
Total					490	111	601

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 23
Communities in the Diamond Willow Little Falls PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Little Falls	Little Falls	Diamond Willow Assisted Living	2006	Profit	26	0	26
Bridgeway Estates	Little Falls	St. Francis Health Services	2001	Nonprofit	50	0	50
Franciscan Sisters Of Little Falls	Little Falls	The Franciscan Sisters of Little Falls, Minnesota	1925	Nonprofit	34	0	34
Highland Senior Living Of Little Falls	Little Falls	Lifespark	2010	Profit	52	23	75
Nouis Home Care Inc.	Little Falls	Nouis Home Care	1974	Profit	50	0	50
Total					212	23	235

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Table 24
Communities in the Diamond Willow Mt. Iron PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Mt. Iron	Mountain Iron	Diamond Willow Assisted Living	2006	Profit	26	0	26
Carefree Living	Virginia	Spectrum Health Companies	1999	Profit	26	12	38
Chestnut Grove	Virginia	Hillcrest Assisted Living and Memory Care	2002	Profit	90	0	90
Cornerstone Villa	Buhl	Cornerstone Villa, Inc.	2004	Nonprofit	10	0	10
Edgewood Virginia	Virginia	Edgewood Healthcare	2007	Profit	117	38	155
Total					269	50	319

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Table 25
Communities in the Diamond Willow Park Rapids PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Park Rapids	Park Rapids	Diamond Willow Assisted Living	2007	Profit	30	0	30
Crystal Brook Senior Living	Park Rapids	Vivie	2017	Profit	87	38	125
Heritage Cottage On 6th	Park Rapids	Ecumen	2008	Nonprofit	34	14	48
Vitality Living Of Park Rapids	Park Rapids	Vitality Healthcare Management	1988	Profit	24	0	24
Total					175	52	227

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 26
Communities in the Duluth PMA

Community	City	Operator	Year Opened	Profit Status	Beds		
					AL	MC	Total
Diamond Willow Lester Park	Duluth	Diamond Willow Assisted Living	2011	Profit	26	0	26
Diamond Willow Proctor	Proctor	Diamond Willow Assisted Living	2004	Profit	56	0	56
Keystone Bluffs	Duluth	Diamond Willow Assisted Living	2000	Profit	100	0	100
BeeHive Homes of Duluth	Duluth	BeeHive Homes	1999	Profit	29	12	41
Benedictine Westwood	Duluth	Benedictine Living	1999	Nonprofit	84	36	120
Duluth Heights Lodge Senior Living	Duluth	Sinceri Senior Living	1990	Profit	33	0	33
Edgewood Hermantown	Hermantown	Edgewood Healthcare	1901	Profit	160	24	184
Elysian Senior Homes Of Duluth	Duluth	Elysian Senior Homes, LLC	1999	Profit	20	16	36
Heritage Haven	Duluth	Heritage Haven, Inc.	1999	Profit	20	10	30
Lakeside Manor	Duluth	Lakeside Manor Inc.	1999	Profit	40	0	40
Mount Royal Pines III — Assisted Living	Duluth	Mount Royal Pines III	2000	Profit	54	0	54
New Perspective Senior Living Twin Ports	Superior	New Perspective	2011	Profit	71	44	115
Open Arms Senior Living	Rice Lake	Open Arms Senior Living	1999	Profit	24	9	33
St Ann's Residence	Duluth	St. Ann's Residence	1999	Nonprofit	150	0	150
The Pillars of Hermantown	Hermantown	Ebenezer Senior Living	2024	Nonprofit	25	20	45
The Shores	Duluth	Ecumen	1977	Nonprofit	40	20	60
Twin Ports Health Services	Superior	North Shore Healthcare	1984	Profit	0	24	24
VitaCare Living of Proctor	Proctor	VitaCare Living	1999	Profit	21	9	30
Wesley Residence Assisted Living	Duluth	AHL Healthcare Group	1999	Profit	43	0	43
Total					996	224	1,220

Source: Management, NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Planned Developments

The following table summarizes assisted living and memory care assisted living communities currently planned within the Diamond Willow Cloquet PMA, Diamond Willow Detroit Lakes PMA, Diamond Willow Grand Rapids PMA, Diamond Willow Little Falls PMA, Diamond Willow Mt. Iron PMA, Diamond Willow Park Rapids PMA, and the Duluth PMA, based upon construction data provided by NIC-Map ® Data Service (<https://www.nicmap.com/>) and other research conducted in August 2026.

Table 27
Planned Developments

Project Name	Location (City/ZIP Code)	# of Planned Units		Project Status
		AL	MC	
Diamond Willow Detroit Lakes PMA				
South Shore Senior Living	Detroit Lakes / 56501	29	22	Planning
Duluth PMA				
Rice Lake Villas Senior Living	Rice Lake / 55803	24	N/A	Planning

Source: NIC-Map ® Data Service (<https://www.nicmap.com>) and other research, August 2026.

Penetration Analysis

Assisted Living Penetration Analysis

Management anticipates that prospective residents of the assisted living and memory care assisted living units will generally exhibit the following characteristics prior to occupancy:

- 75 years of age or older;
- Living alone; and
- Requiring some assistance with ADLs and/or IADLs.

These income thresholds were estimated based upon average monthly service fees for assisted living and memory care assisted living in the county in which each community is physically located as of the first quarter of 2026, as reported by NIC-Map ® Data Service (<https://www.nicmap.com>), estimated home values within each of the respective PMAs, and the assumption that residents will allocate 90% of their income to base housing and care. In addition, pre-tax income characteristics were applied to estimate a range of market penetration rates for age- and income-qualified households within the PMAs for 2026.

For the gross market penetration rate analysis, Management assumes that prospective assisted living residents will have annual incomes of \$72,000 or more, or annual incomes of \$35,000 or more if they own their own home. This is based upon average monthly service fees in the State of Minnesota as of the first quarter of 2026 as provided by NIC-Map ® Data Service (<https://www.nicmap.com>), which are approximately \$6,200 for assisted living and \$7,600 for memory care assisted living.

Management has applied the following penetration rate calculation:

- The gross market penetration rate is presented as the percentage of age-qualified individuals and age- and income-qualified individuals that Management assumes the total market has absorbed (or must absorb) for the entire market to achieve stabilized occupancy. The gross market penetration rate is calculated by dividing the number of comparable assisted living units within each of the respective PMAs by the number of age-qualified individuals and age- and income-qualified individuals within each of the respective PMAs.

The following table summarizes these penetration rate calculations.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 28
Assisted Living Estimated Penetration Analysis – 2026

	Diamond Willow Cloquet PMA	Diamond Willow Detroit Lakes PMA	Diamond Willow Grand Rapids PMA	Diamond Willow Little Falls PMA
	Households with Incomes of \$72,000 or More Plus Homeowner Households with Incomes of \$35,000 to \$71,999			
GROSS MARKET PENETRATION RATE ANALYSIS:				
Market Inventory of Assisted Living Units in the PMA:				
The Existing Facilities	26	30	26	26
Comparable Assisted Living and Memory Care Units in the PMA				
Existing Units	217	191	575	209
Planned Units	-	51	-	-
Total Units in the PMA	243	272	601	235
Adjusted For:				
Percentage of Units to be Filled from the PMA	70.0%	70.0%	70.0%	70.0%
Stabilized Occupancy in the PMA	93.0%	93.0%	93.0%	93.0%
Number of Units to be Filled from the PMA at Stabilized Occupancy [a]	158	177	391	153
Number of Qualified Individuals ⁽³⁾	146	169	179	91
Plus the Number of Qualified Individuals Currently Residing at Existing Comparable Assisted Living and Memory Care Units in the PMA	200	197	555	193
Total Qualified Individuals [b]	346	366	734	283
Gross Market Penetration Rate [a/b]	45.7%	48.3%	53.3%	54.0%

Source: Management

Table 28 (cont.)
Assisted Living Estimated Penetration Analysis – 2026

	Diamond Willow Mt. Iron PMA	Diamond Willow Park Rapids PMA	Duluth PMA
	Households with Incomes of \$72,000 or More Plus Homeowner Households with Incomes of \$35,000 to \$71,999		
GROSS MARKET PENETRATION RATE ANALYSIS:			
Market Inventory of Assisted Living Units in the PMA:			
The Existing Facilities	26	30	182
Comparable Assisted Living and Memory Care Units in the PMA			
Existing Units	293	197	1,038
Planned Units	-	-	24
Total Units in the PMA	319	227	1,244
Adjusted For:			
Percentage of Units to be Filled from the PMA	70.0%	70.0%	70.0%
Stabilized Occupancy in the PMA	93.0%	93.0%	93.0%
Number of Units to be Filled from the PMA at Stabilized Occupancy [a]	208	148	810
Number of Qualified Individuals ⁽³⁾	172	100	742
Plus the Number of Qualified Individuals Currently Residing at Existing Comparable Assisted Living and Memory Care Units in the PMA	295	204	958
Total Qualified Individuals [b]	467	305	1,700
Gross Market Penetration Rate [a/b]	44.4%	48.5%	47.6%

Source: Management

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Borrower's forecasted consolidated financial statements are presented using the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Borrower and the Obligated Group Members. Significant intercompany balances and transactions between the consolidated entities have been eliminated.

Performance Indicator

The forecasted consolidated statements of operations include a measurement of excess of revenue, gains, and other support over expenses as a performance indicator. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include net assets released from restriction for capital, as well as capital contributions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments such as certificates of deposit and other money market instruments which have maturities of three months or less at the date of purchase.

Assets Limited to Use

Assets limited as to use include assets held by the Trustee and the Obligated Group. Assets limited as to use which are assumed to be available to meet current obligations are classified as current assets. Assets limited as to use are assumed to be carried at fair value. Management does not assume any changes in the underlying values of the assets limited as to use during the Forecast Periods that would result in realized or unrealized gains or losses.

Accounts Receivable

Resident accounts receivable primarily consist of resident monthly service fees and other resident charges and are shown at net realizable value less an estimated allowance for credit losses. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, analysis of payor source and aging of receivable, and future economic conditions and market trends.

Property and Equipment

Property and equipment is stated at cost. Acquisitions greater than \$1,500 and a useful life greater than a year are capitalized. Maintenance, repairs and minor renewals are charged to expense as incurred. Expenditures which substantially increase useful lives are capitalized. Depreciation is calculated using the straight-line method over three to 10 years for furniture, fixtures and equipment, 10 years for automobiles, and 30 to 40 years for buildings and long-lived assets. Management based the fair value of the property and equipment at purchase date based on forecasted acquisition costs.

Deferred Financing Costs

Financing costs incurred in connection with the issuance of long-term debt are assumed to be recorded as a direct deduction from the carrying amount of the debt and amortized as interest expense using the straight-line method over the term of the related financing, which approximates the effective interest method.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Original Issuance Discount

Bond discount incurred in connection with the issuance of long-term debt is assumed to be recorded as a direct reduction to the carrying amount of the debt and over the term of the related indebtedness, which approximates the effective interest method. Amortization expense is included with interest expense on the forecasted consolidated statement of operations and changes in net deficit.

Income Taxes

The Parent has been granted exempt status relative to federal and state corporate income taxes under Internal Revenue Code Section 501(c)(3) and applicable state statutes with a determination letter from the Internal Revenue Service (the "IRS") on October 29, 2025 as a public charity. The Obligated Group and Subsidiaries are disregarded entities for federal income tax purposes; accordingly, no provision for income taxes has been made in the forecasted consolidated financial statements **[Bond Counsel – please confirm this statement]**.

Resident Services Revenue

Resident services revenue and other is reported at the amount that reflects the consideration to which the Obligated Group expects to be entitled in exchange for providing resident care and housing. These amounts are primarily due from residents. Generally, the Obligated Group bills the residents monthly and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Obligated Group. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Obligated Group believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving services in the Obligated Group's facilities. The Obligated Group measures the performance obligation from admission into the facility, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Obligated Group does not believe it is required to provide additional goods or services related to that sale.

The Obligated Group determines the transaction price based on established billing rates. The Obligated Group considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a resident's ability to pay are recorded as bad debt expense.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Obligated Group has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Obligated Group determines the transaction price based on established billing rates. The Obligated Group considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a resident's ability to pay are recorded as bad debt expense.

Agreement with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The Obligated Group participates in the Medicaid program which is administered by the Minnesota Department of Human Services with rates charged in accordance with the rules established. The Obligated Group receives payment for services provided under the EW/CADI waiver and payment for housing under the Minnesota Housing Support program.

Concentration of Credit Risk

The Obligated Group's cash, cash equivalents, investments, and assets limited or restricted as to use consist of various financial instruments. These financial instruments may subject the Obligated Group to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"), the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Obligated Group granting credit without collateral to its residents and patients, most of whom are local residents and may be insured under third-party payor agreements.

Use of Estimates

The preparation of the accompanying forecasted consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the forecasted financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combinations

Effective [REDACTED], 2026, the Obligated Group entered into an Asset Purchase Agreement whereby the Obligated Group acquired various assets of TL-DW KEYSTONE BLUFFS HOLDINGS LLC; TL-DW Keystone Bluffs LLC; TL-DW CLOQUET HOLDINGS LLC; TL-DW Cloquet LLC; TL-DW Detroit Lakes Holdings LLC; TL-DW Detroit Lakes LLC; TL-DW Grand Rapids Holdings LLC; TL-DW Grand Rapids LLC; TL-DW LESTER PARK HOLDINGS LLC; TL-DW Lester Park LLC; TL-DW Little Falls Holdings LLC; TL-DW Little Falls LLC; TL-DW Mountain Iron Holdings LLC; TL-DW Mountain Iron LLC; TL-DW Park Rapids Holdings LLC; TL-DW Park Rapids LLC; TL-DW Proctor Holdings LLC; and TL-DW Proctor LLC, each a limited liability company, on November 6, 2026, with the purpose being to acquire the real estate and other assets related to the assisted living facility at each of the respective sites. As outlined in ASC 805, Business Combinations, management determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar identifiable assets, and accordingly, has accounted for the transaction as an asset acquisition and not a business combination. The fair value of the consideration paid for the asset acquisition totaled \$72,950,000 and was comprised of cash payments to the seller of \$72,950,000. Transaction expenses incurred in connection with the asset acquisition were not material and thus were expensed as incurred and not included in the acquisition cost. There was no contingent consideration included in this transaction. There were no contingent assets acquired, or liabilities assumed, in this transaction. There were also no seller notes or other forms of consideration transferred to the seller.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table discloses the allocation of the acquisition costs to the assets acquired based on their relative fair values:

Fixed Assets	\$ 72,950,000
Total Asset Acquired	72,950,000
Fair Value of Assets Acquired	\$ 72,950,000
Cash Paid to Sellers	\$ 72,950,000
Total Consideration Paid	\$ 72,950,000

Net Assets (Deficit)

Net assets (deficits) of the Obligated Group and changes therein are classified and reported as follows:

Net Assets (Deficits) Without Donor Restrictions – Net assets (deficits) over which the board of the Obligated Group has discretionary control. Designated amounts represent those assets that the board has set aside for a particular purpose.

In addition to these transactions, changes in this category of net deficits include restricted contributions whose donor-imposed restrictions were met during the fiscal year.

Net Assets With Donor Restrictions – Net deficits with donor restrictions represent net deficits subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

All donor-restricted contributions are reported as increases in net deficits with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net deficits with donor restrictions are reclassified to net deficits without donor restrictions. Income earned on net deficits with donor restrictions, including capital appreciation, is recognized in the period earned. The Obligated Group records restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions. The Obligated Group has not forecasted any donor restricted net deficits throughout the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR THE FORECAST OF REVENUE

Rental Resident Services Revenue

Rental resident service revenue is primarily based on the monthly rental service fees and care service rates forecasted to be charged to residents and the forecasted utilization of the Communities.

Forecasted Utilization and Monthly Service Fees

Assisted and Memory Care Living

Forecasted revenue consists of revenue from operating assisted living and memory care facilities during the Forecast Period. Management has forecasted this resident service revenue based upon its historical experience operating the existing communities.

Management has forecasted the following occupancy for the Communities.

Table 29
The Keystone Bluffs Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	93.0	94.0	94.0	94.0
Available Beds	100.0	100.0	100.0	100.0
Percentage of Occupied Beds	93.0%	94.0%	94.0%	94.0%
Payor Type				
Private Occupant	39.5	39.9	39.9	39.9
Semi-Private Occupant	13.8	14.0	14.0	14.0
Private Pay	53.3	53.9	53.9	53.9
Medicaid	39.6	40.1	40.1	40.1
Total	93.0	94.0	94.0	94.0

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 30
The Cloquet Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	24.5	24.5	24.5	24.5
Available Beds	26.0	26.0	26.0	26.0
Percentage of Occupied Beds	94.1%	94.1%	94.1%	94.1%
Payor Type				
Private Occupant	9.3	9.3	9.3	9.3
Semi-Private Occupant	3.6	3.6	3.6	3.6
Private Pay	12.9	12.9	12.9	12.9
Medicaid	11.6	11.6	11.6	11.6
Total	24.5	24.5	24.5	24.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

Table 31
The Detroit Lakes Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	20.9	22.6	22.7	22.7
Available Beds	30.0	30.0	30.0	30.0
Percentage of Occupied Beds	69.5%	75.3%	75.5%	75.5%
Payor Type				
Private Occupant	5.2	5.6	5.6	5.6
Semi-Private Occupant	0.0	0.0	0.0	0.0
Private Pay	5.2	5.6	5.6	5.6
Medicaid	15.7	17.0	17.1	17.1
Total	20.9	22.6	22.7	22.7

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

Table 32
The Grand Rapids Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	24.5	24.5	24.5	24.5
Available Beds	26.0	26.0	26.0	26.0
Percentage of Occupied Beds	94.1%	94.1%	94.1%	94.1%
Payor Type				
Private Occupant	7.5	7.5	7.5	7.5
Semi-Private Occupant	0.0	0.0	0.0	0.0
Private Pay	7.5	7.5	7.5	7.5
Medicaid	17.0	17.0	17.0	17.0
Total	24.5	24.5	24.5	24.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 33
The Lester Park Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	24.5	24.5	24.5	24.5
Available Beds	26.0	26.0	26.0	26.0
Percentage of Occupied Beds	94.1%	94.1%	94.1%	94.1%
Payor Type				
Private Occupant	12.9	12.9	12.9	12.9
Semi-Private Occupant	5.5	5.5	5.5	5.5
Private Pay	18.4	18.4	18.4	18.4
Medicaid	6.1	6.1	6.1	6.1
Total	24.5	24.5	24.5	24.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

Table 34
The Little Falls Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	24.5	24.5	24.5	24.5
Available Beds	26.0	26.0	26.0	26.0
Percentage of Occupied Beds	94.1%	94.1%	94.1%	94.1%
Payor Type				
Private Occupant	11.1	11.1	11.1	11.1
Semi-Private Occupant	2.0	2.0	2.0	2.0
Private Pay	13.2	13.2	13.2	13.2
Medicaid	11.3	11.3	11.3	11.3
Total	24.5	24.5	24.5	24.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

Table 35
The Mount Iron Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	24.5	24.5	24.5	24.5
Available Beds	26.0	26.0	26.0	26.0
Percentage of Occupied Beds	94.1%	94.1%	94.1%	94.1%
Payor Type				
Private Occupant	6.2	6.2	6.2	6.2
Semi-Private Occupant	1.4	1.4	1.4	1.4
Private Pay	7.6	7.6	7.6	7.6
Medicaid	16.9	16.9	16.9	16.9
Total	24.5	24.5	24.5	24.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 36
The Park Rapids Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Occupied Beds	22.4	24.9	25.5	25.5
Available Beds	30.0	30.0	30.0	30.0
Percentage of Occupied Beds	74.8%	83.1%	85.0%	85.0%
Payor Type				
Private Occupant	7.2	8.0	8.2	8.2
Semi-Private Occupant	3.6	4.0	4.1	4.1
Private Pay	10.8	12.0	12.3	12.3
Medicaid	11.6	12.9	13.2	13.2
Total	22.4	24.9	25.5	25.5

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

Table 37
The Proctor Community
Forecasted Average Occupancy and Resident Payor Mix

For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027 ⁽²⁾	2028	2029
Occupied Beds	45.4	48.5	49.8	49.8
Available Beds	48.0	56.0	56.0	56.0
Percentage of Occupied Beds	94.7%	86.6%	89.0%	89.0%
Payor Type				
Private Occupant	9.0	10.0	10.3	10.3
Semi-Private Occupant	3.0	3.3	3.4	3.4
Private Pay	12.0	13.4	13.7	13.7
Medicaid	32.9	35.1	36.1	36.1
Total	44.9	48.5	49.8	49.8

Source: Management

Notes:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

(2) Management has forecasted the reopening of the Lake Superior building in February 2027, when the Lake Superior building is forecasted to reopen. When the Lake Superior building reopens, 8 additional beds will be placed into operations.

**Table 38
All Communities
Forecasted Average Occupancy and Payor Mix**

Community Totals For the Year Ending December 31,	Forecasted Average Occupancy			
	2026 ⁽¹⁾	2027	2028	2029
Keystone Bluffs Community	93.0%	94.0%	94.0%	94.0%
Cloquet Community	94.1%	94.1%	94.1%	94.1%
Detroit Lakes Community	69.5%	75.3%	75.5%	75.5%
Grand Rapids Community	94.1%	94.1%	94.1%	94.1%
Lester Park Community	94.1%	94.1%	94.1%	94.1%
Little Falls Community	94.1%	94.1%	94.1%	94.1%
Mt. Iron Community	94.1%	94.1%	94.1%	94.1%
Park Rapids Community	74.8%	83.1%	85.0%	85.0%
Proctor Community	94.7%	86.6%	89.0%	89.0%
Communities Total Occupancy Percentage	89.2%	89.9%	90.4%	90.4%
Payor Type				
Private Occupant	107.83	110.53	111.01	111.01
Semi-Private Occupant	32.92	33.82	34.00	34.00
Private Pay	140.8	144.3	145.0	145.0
Medicaid	162.7	168.0	169.3	169.3
Total	303.5	312.3	314.3	314.3
Payor Type				
Private Pay	46.4%	46.2%	46.1%	46.1%
Medicaid	53.6%	53.8%	53.9%	53.9%
Total Percentage	100.0%	100.0%	100.0%	100.0%

Source: Management

Note:

(1) Represents the forecasted average occupancy from November 6, 2026 through December 31, 2026.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes the forecasted average monthly service fees for the Communities during the Forecast Period.

Table 39
Forecasted Weighted Average Monthly Service Fees
For the Years Ending December 31,

	2026	2027	2028	2029
Keystone Bluffs Community				
Private Pay ⁽¹⁾	\$6,243	\$6,493	\$6,752	\$7,022
Medicaid ⁽²⁾	\$5,424	\$5,569	\$5,777	\$5,966
Cloquet Community				
Private Pay ⁽¹⁾	\$9,650	\$10,036	\$10,437	\$10,855
Medicaid ⁽²⁾	\$5,895	\$6,055	\$6,281	\$6,487
Detroit Lakes Community				
Private Pay ⁽¹⁾	\$9,650	\$9,940	\$10,337	\$10,751
Medicaid ⁽²⁾	\$6,908	\$7,098	\$7,363	\$7,604
Grand Rapids Community				
Private Pay ⁽¹⁾	\$9,650	\$10,133	\$10,538	\$10,959
Medicaid ⁽²⁾	\$6,809	\$6,997	\$7,258	\$7,495
Lester Park Community				
Private Pay ⁽¹⁾	\$10,100	\$10,605	\$11,029	\$11,470
Medicaid ⁽²⁾	\$8,633	\$8,875	\$9,208	\$9,508
Little Falls Community				
Private Pay ⁽¹⁾	\$9,750	\$10,238	\$10,647	\$11,073
Medicaid ⁽²⁾	\$8,709	\$8,954	\$9,290	\$9,592
Mt. Iron Community				
Private Pay ⁽¹⁾	\$9,650	\$10,036	\$10,437	\$10,855
Medicaid ⁽²⁾	\$5,494	\$5,642	\$5,852	\$6,044
Park Rapids Community				
Private Pay ⁽¹⁾	\$9,650	\$9,940	\$10,337	\$10,751
Medicaid ⁽²⁾	\$6,809	\$6,996	\$7,257	\$7,494
Proctor Community				
Private Pay ⁽¹⁾	\$9,793	\$10,185	\$10,592	\$11,016
Medicaid ⁽²⁾	\$7,024	\$7,218	\$7,488	\$7,732

Source: Management

Notes:

(1) The average monthly fees reflected above includes all private and semi-private charges.

(2) The average monthly fees reflected above for Medicaid include all charges associated with the room and board and services charges.

Management has forecasted the monthly service fees for private pay and Medicaid to inflate by 4.0 percent and 3.5 percent annually throughout the Forecast Period, beginning in 2028.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Other Income

Management has forecasted other income based upon its historical operating experience and its plans for operating the Communities in the future. Other income is forecasted to include income from move-in fees, beauty care fees, guest meals, telephone fees, any other such miscellaneous sources. Management has forecasted this revenue to increase 4.0 percent annually throughout the Forecast Period for inflation, beginning in 2028.

Investment Income

Management has forecasted investment income to consist of interest earned on available cash and cash equivalents, investments and assets limited as to use.

The following table reflects Management's forecasted investment earning rates during the Forecast Period.

Table 40
Forecasted Investment Earning Rates
For the Years Ending December 31,

	2026	2027	2028	2029
Cash and Cash Equivalents	N/A	N/A	1.50%	1.5%
Debt Service Reserve Fund	4.25%	4.25%	4.25%	4.3%
Development and Capital Expenditures Fund	3.50%	3.50%	3.50%	3.50%
Operating Reserve Fund	3.50%	3.50%	3.50%	3.5%
Funded Interest Fund	3.50%	3.50%	N/A	N/A
Repair and Replacement Fund	3.50%	3.50%	3.50%	3.5%
Operations and Maintenance Reserve Fund	3.50%	3.50%	3.50%	3.50%
Surplus Fund	N/A	N/A	3.50%	3.50%
Bond Funds	N/A	3.00%	3.00%	3.0%

Source: Management and Underwriter

MANAGEMENT'S BASIS FOR THE FORECAST OF EXPENSES

Operating Expenses

Operating expenses have been forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon Management's operating plans for the Communities. In general, operating expenses are forecasted to increase between 4.0 to 4.5 percent annually throughout the Forecast Period for inflation, beginning in 2028. Operating expenses for 2027 have been based upon Management's 2027 operating budget, which was based upon historical operations of the Communities and forecasted changes in occupancy,

Salaries and Employee Benefits

A full time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Management has forecasted payroll taxes and employee benefits to be approximately 13.5 percent of salaries and wages. Payroll taxes and employee benefits include employee and family health and dental insurance, life insurance, FICA and Medicare taxes, unemployment taxes, and other employee benefit expenses.

Management has forecasted additional permanent staff subsequent to the Closing Date, as such, Management has forecasted the Obligated Group would employ approximately 243 FTEs during 2027 and 2028. Management has forecasted salaries and benefits to increase at a rate of 4.5 percent per annum for inflation throughout the Forecast Period, beginning in 2028.

Utilities

Management has forecasted utilities expenses based upon its historical operating experience and its plans for operating the Communities in the future. The costs related to utilities are forecasted to include the cost of providing gas, electricity, water & sewer, telephone, internet, cable TV, and sanitary & pest control. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Repairs and Maintenance

Management has forecasted repairs and maintenance expenses based upon its historical operating experience and its plans for operating the Communities in the future. The costs related to building, equipment, and repairs and maintenance expenses. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Food

Management has forecasted food costs expenses based upon its historical operating experience and its plans for operating the Community in the future. Food expense are forecasted to include the cost of raw food. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Contract Services

Management has forecasted contract services expenses based upon its historical operating experience and its plans for operating the Communities in the future. The costs related to contract services are forecasted to include costs pertaining to food services, beauty care, nursing, monitoring and inspection and various other activities. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Supplies

Management has forecasted supplies expenses based upon its historical operating experience and its plans for operating the Community in the future. Supplies expenses are forecasted to include culinary supplies, healthcare supplies, linens, uniforms, cleaning supplies, office supplies, and other such costs.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Advertising and Marketing

Management has forecasted advertising and marketing expenses based upon its historical operating experience and its plans for operating the Communities in the future. Advertising and marketing expenses are forecasted to include costs for advertising, sales events, public relations, as well as other such costs. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

General and Administrative

Management has forecasted general and administrative expenses based upon its historical operating experience and its plans for operating the Communities in the future. These expenses are forecasted to include dues and subscriptions, licenses and permits, rental fees, legal, accounting, and other consulting services, and various other miscellaneous expenses. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Insurance

Management has forecasted insurance expenses based upon its historical operating experience and its plans for operating the Communities in the future. Insurance expenses are forecasted to include general, property, automotive liability insurances and workers' compensation insurance. These costs are anticipated to increase 4.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Property Taxes

Management has property tax expenses based upon its historical operating experience and its plans for operating the Communities in the future. These costs are anticipated to increase 3.0 percent annually for inflation beginning in 2028, and for the duration of the Forecast Period.

Credit Loss

Credit loss expense reflects Management's estimate of uncollectible resident accounts and is based on historical collection experience and expected payor mix.

Base Management Fee

Base Management Fees are forecasted based upon the terms and conditions of the Management Agreements.

Deferred Management Fee

Deferred Management Fees are forecasted based upon the terms and conditions of the Management Agreements.

Incentive Management Fee

Incentive Management Fees are forecasted based upon the terms and conditions of the Management Agreements.

Corporate Service Management Fee

Corporate Service Management Fees are forecasted based upon the terms and conditions of the Management Agreements.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Interest Expense

Management has forecasted interest expense related to the anticipated debt service requirements of the Series 2026 Bonds. Included in interest expense is the amortization of deferred financing costs associated with the issuance of long-term debt and the amortization of the bond discount.

Depreciation Expense

Property and equipment are forecasted to be depreciated over their estimated useful lives using the straight-line method.

DRAFT (10.02.26)

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR THE FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and Cash Equivalents balances for the Forecast Period are based on the results of the Forecasted Consolidated Statements of Cash Flows.

Accounts Receivable, Net

Accounts receivable, net of allowance for credit loss, are forecasted at approximately 26 days of resident service revenues (excluding amortization) throughout the Forecast Period.

Prepaid Expenses and Other Assets

Prepaid expenses and other current assets are forecasted based on approximately 14 days of annual non-capital operating expenses excluding salaries, employee benefits and payroll taxes throughout the Forecast Period

Accounts Payable

Accounts payable has been forecasted based on approximately 13 days of annual non-capital operating expenses excluding salaries, employee benefits and payroll taxes throughout the Forecast Period.

Accrued Salaries, Wages and Benefits

Accrued salaries and related benefits have been forecasted based on approximately 27 days of personnel expenses including salaries, employee benefits and payroll taxes throughout the Forecast Period.

Accrued Interest

Management has estimated accrued interest based on the anticipated plan of finance for the Project, as presented in Table 13.

Deferred Series 2026C-1 and 2026C-2 Interest

Management has forecast deferred Series 2026C-1 and 2026C-2 Interest based upon the proportion of the excess Surplus Fund that is available, annually, under the MTI for purposes of payment on debt service for the Series 2026C-1 and Series 2026C-2 interest.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Assets Limited as to Use

Held by Trustee:

In general, the following funds are required to be maintained by the trustee under the forecasted Series 2026 Master Bond Indenture:

Debt Service Reserve Fund – The Borrower is anticipated to be required to maintain debt service reserve funds related to the Series 2026A Bonds and Series 2026B Bonds in accordance with the related bond indentures and loan agreements, funded from a portion of the proceeds of the Series 2026 Bonds.

Development and Capital Expenditures Fund – The Borrower has forecasted the establishment of a Development and Capital Expenditures Fund to initially fund a portion of forecasted routine capital expenditures. In addition, the Borrower has assumed that approximately \$200,000 of the Development and Capital Expenditures Fund will be utilized for future predevelopment costs that are not forecasted to occur during the Forecast Period.

Operating Reserve Fund – The Borrower has forecasted the establishment of an Operating Reserve Fund to support facility operations and provide additional liquidity. Amounts in the fund may be used to pay operating expenses, under the terms and conditions of the MTI., if needed.

Funded Interest Fund – The Borrower has forecasted a portion of the bond proceeds will be used to fund a funded interest fund. The funded interest fund may be used to fund interest payments during the initial operating period of the Obligated Group.

Repair and Replacement Fund – The Borrower has forecasted funding the establishment of and annual funding of the Repair and Replacement Fund which should be used for replacements and extraordinary maintenance or repairs needed to keep the Communities in sound condition.

Operations and Maintenance Reserve Fund – The MTI requires the Obligated Group to maintain an Operations and Maintenance Reserve Fund equal to one-twelfth of budgeted annual Operating Expenses. The Operations and Maintenance Reserve Fund which should be used for non-capital maintenance and repair costs, operating expenses in excess of budget, repair and replacement shortfalls, and Senior debt service.

Surplus Fund – The Surplus Fund receives the remaining revenues after satisfaction of the operating and debt-related funding requirements established under the MTI. Amounts on deposit may be used for purposes permitted by the MTI, including payment of certain subordinate obligations and other authorized expenditures.

Liquidity Support Fund – A Liquidity Support Fund is forecasted to be funded by the Liquidity Support Provider. See prior disclosure for additional descriptions related to the deposit and use of such monies.

Bond Fund – The Bond Fund represents monthly advance payments of bond principal and interest to be made by the Obligated Group to the Trustee relating to the Series 2026 Bonds. The funds held in the Bond Fund will be used by the Trustee to make the principal payments and the interest payments to the owners of the Series 2026 Bonds.

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based on the

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

assumed costs of purchasing the Communities and other routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table reflects capital additions as forecasted by Management.

Table 41
Forecasted Property and Equipment Additions
During the Years Ending December 31,
(In Thousands of Dollars)

	2026	2027	2028	2029
Property and Equipment, Beginning Balance	\$ -	\$ 72,994	\$ 73,304	\$ 73,628
Acquisition of the Communities	72,950	-	-	-
Routine Additions	44	310	324	336
Property and Equipment, Ending Balance	\$ 72,994	\$ 73,304	\$ 73,628	\$ 73,964

Source: Management

Long-Term Debt

See the notes to Table 13 for a summary of the terms of the Series 2026 Bonds. The forecasted principal payments on the Obligated Group's total long-term debt is presented in the following table, which is presented on a December 31, fiscal year basis.

Table 42
Forecasted Annual Principal Payments
(In Thousands of Dollars)

	Series 2026A Bonds	Series 2026B Bonds	Series 2026C-1 Bonds	Series 2026C-2 Bonds	Total
Year	Principal	Principal	Principal	Principal	Principal
2026	\$ -	\$ -	\$ -	\$ -	\$ -
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	735	65	-	-	800
2030	785	75	-	-	860
Thereafter	59,390	12,860	11,015	2,125	85,390
Total	\$ 60,910	\$ 13,000	\$ 11,015	\$ 2,125	\$ 87,050

Source: Management and the Underwriter

Other Items

After all Revenue Fund requirements have been satisfied and amounts have been transferred into the Surplus Fund, the MTI permits distribution of an “Excess Surplus Fund” amount only if the Obligated Group has satisfied certain covenants and requirements under the MTI and the distribution does not cause Days Cash on Hand to fall below the applicable liquidity threshold requirements. Once these conditions are satisfied, the Excess Surplus Fund amount is distributed as follows:

- 65% of the Excess Surplus Fund paid in the following order:
 - Accrued and Unpaid Deferred Management Fees
 - Accrued and Unpaid Incentive Management Fees
 - Interest first and principal second on the Series 2026C-1 Bonds and Series 2026C-2 Bonds.
- 35% of the Excess Surplus Fund may be used or distributed at the Borrower’s discretion and is not subject to revenue sweep back into the Revenue Fund.

SENSITIVITY ANALYSIS

The financial forecast was prepared based on assumptions made by Management concerning future operations of the Borrower. Various factors and conditions may occur which could adversely affect the forecast of the financial condition of the Borrower and its ability to meet debt service requirements. These factors may include, but may not be limited to, legislation and regulatory actions, changes in assumptions concerning occupancy, rental rates, financing, construction costs, operating costs, occupancy variations due to increased competition from other senior housing facilities, independent living turnover and Management's failure to implement its marketing and or operational plans. Furthermore, Management prepared its financial forecast assuming that the Borrower obtains financing at rates and terms similar to those provided by the Underwriter and the debt service requirements of the Series 2026 Bonds do not change during the Forecast Period.

The analyses that follow should not be construed as reflecting the only significant assumptions presented in the Forecast. The sensitivity analyses represent Management's estimates and the Underwriter's request and have not been examined.

The sensitivity analyses are not intended to be all-inclusive and are presented for the purpose of demonstrating the significance of:

- Sensitivity One: Assumes _____; and
- Sensitivity Two: Assumes _____.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity One

Sensitivity one as shown in the following table was conducted to reflect the impact of _____

The following table contrasts the forecasted financial metrics against the sensitivity analyses.

Table 43
Sensitivity One
For the Years Ending December 31,

Pending

Source: Management

DRAFT (10.02.26)

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Two

Sensitivity two as shown in the following table was conducted to reflect the impact _____.

The following table contrasts the forecasted financial metrics against the sensitivity analyses.

Table 44
Sensitivity Two
For the Years Ending December 31,

PENDING

Source: Management

DRAFT (10.02.26)

October 6, 2026

Minnesota Health and Education Facilities Authority
c/o Mr. Barry W. Fick, Executive Director
860 Blue Gentian Road, Suite 145
Eagan, MN 55121

Re: Preliminary Financing Plan Summary – Senior Living Revenue Bonds (Glenhaven Housing Foundation – Minnesota Project), Series 2026

Dear Mr. Fick and Members of the Authority Board:

Marathon Capital Strategies, LLC (“Marathon”), as the independent registered municipal advisor to GHF MN, LLC (the “Borrower”), has prepared this Preliminary Financing Plan Summary for the Authority’s consideration of the proposed issuance of the Authority’s Senior Living Revenue Bonds (Glenhaven Housing Foundation – Minnesota Project), Series 2026 (the “Bonds”). The Borrower is a wholly-owned subsidiary of Glenhaven Housing Foundation, Inc. (the “Parent”). Key highlights of the preliminary financing plan are summarized below, followed by a detailed summary.

Preliminary Financing Plan Summary (as of September 21, 2026)*	
Estimated Par Amount	\$87,050,000* (not to exceed \$102,300,000)
Series	Senior Series 2026A; Senior Subordinate Series 2026B; Seller Subordinate Series 2026C-1 and Taxable Series 2026C-2
Financing Type	New money: acquisition
New Money Project	Acquisition of nine (9) assisted living and memory care communities in Minnesota for an aggregate purchase price of \$72,950,000
Refinancing	None
Capitalized Interest	\$626,868* (portion of interest due January 1, 2027)
First Principal Payment Date	January 1, 2030 (sinking fund on Series 2026A and 2026B; interest-only before then)
Stated Final Maturity Date	January 1, 2056* (30 years)
Mandatory Tender Date	January 1, 2034* (all series); expected to be remarketed or refinanced at that date
Estimated All-In TIC	Series 2026A 6.36%; all series blended approx. 8.08%
Prior MHEFA Bonds	None outstanding
Current Underlying Rating	Not rated; limited offering to QIBs and Accredited Investors
Underwriter	Herbert J. Sims & Co., Inc.
Bond Counsel	Fryberger, Buchanan, Smith & Frederick, P.A.
Expected Pricing Date	Week of October 19, 2026*
Issuance Date (Estimated)	On or around November 6, 2026

*Preliminary; subject to change. Bond sizing, pricing and debt service per HJ Sims debt schedules dated September 21, 2026.

Marathon reviewed the preliminary financing plan; the sizing and debt service schedules prepared by the Underwriter, Herbert J. Sims & Co., Inc., dated September 21, 2026, which Marathon independently validated; the HealthTrust appraisals supporting the acquisition; and the draft feasibility study prepared by CliftonLarsonAllen LLP (the “Feasibility Study”), which evaluates management's financial forecast and projected operating performance. **Based on its review to date, Marathon believes the proposed financing structure provides a reasonable framework for accessing the capital required to complete the acquisition and that the Borrower is projected to support the resulting debt service obligations.**

The HealthTrust appraisals support the proposed purchase price, and the draft Feasibility Study projects debt service coverage on the Senior and Senior Subordinate Bonds above the 1.20x coverage covenant throughout the forecast period, based on a modest improvement in occupancy from current levels. The financing structure also incorporates several credit features intended to support bondholder security, including funded debt service and operating reserves, a \$2.75 million Seller-funded liquidity support fund, monthly revenues flowing through accounts controlled by the Master Trustee, and management fees that are subordinate to debt service on the Senior and Senior Subordinate Bonds.

The Bonds are expected to be marketed during a period of elevated volatility in the municipal bond market. Recent market conditions have been characterized by increased issuance volume, fluctuating fund flows, and periodic spread widening for lower-rated and unrated credits. While investor demand for tax-exempt securities remains active, execution and pricing for unrated senior living transactions, in general remain particularly sensitive to changes in market sentiment, competing supply, and broader economic conditions.

The Bonds are unrated and will be sold to Qualified Institutional Buyers and Accredited Investors. The financing plan contemplates placement of the Senior Bonds with institutional investors, supplemented by a committed investment from 503 Capital Partners in the structurally subordinate Senior Subordinate Bonds. Accordingly, financing execution will depend upon investor demand within a targeted institutional investor market. **The proposed financing structure was developed with consideration of current market conditions and seeks to balance financing certainty, marketability, and long-term flexibility.** The committed placement by 503 Capital Partners reduces the amount of Senior Bonds that must be absorbed by the broader market and is expected to support overall financing execution.

All terms described in this Summary, including par amounts, interest rates, amortization schedules, reserve requirements, mandatory tender provisions, and other financing terms, remain preliminary and subject to change based on market conditions at pricing, investor feedback, completion of the Feasibility Study, and final negotiation of the financing documents.

Subject to satisfactory completion of due diligence, finalization of financing documents substantially consistent with this Summary, acceptable market execution, and receipt of all required approvals,

Preliminary Financing Plan Summary – Glenhaven Housing Foundation (Minnesota Project)
October 6, 2026

Marathon believes the preliminary financing plan provides a reasonable basis for the Authority to consider proceeding with the issuance of the Bonds.

Sincerely,

Alex Dinkels, Principal
Marathon Capital Strategies, LLC

cc: Glenhaven Housing Foundation, Inc. / GHF MN, LLC
Herbert J. Sims & Co., Inc., Underwriter
Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel

**PRELIMINARY FINANCING PLAN SUMMARY
MINNESOTA HEALTH AND EDUCATION FACILITIES AUTHORITY**

\$87,050,000*
SENIOR LIVING REVENUE BONDS
(GLENHAVEN HOUSING FOUNDATION – MINNESOTA PROJECT)
SENIOR SERIES 2026A AND SUBORDINATE SERIES 2026B
SUBORDINATE SERIES 2026C-1 AND TAXABLE SUBORDINATE SERIES 2026C-2

October 6, 2026

Overview

This Preliminary Financing Plan Summary (the “Summary”) represents the review of the proposed financing by Marathon, as municipal advisor to the Borrower. It is based on discussions with the Borrower, the Authority and the Underwriter; the Underwriter’s debt schedules, which Marathon has independently confirmed; the draft Feasibility Study; current drafts of the Bond Trust Indenture, Loan Agreement, Master Trust Indenture, Liquidity Support Agreement, Bond Purchase Agreement and Continuing Disclosure Certificate; and the HealthTrust appraisals. All bond sizing, pricing and debt service figures in this Summary are from the Underwriter’s debt schedules dated September 21, 2026. Capitalized terms not defined here have the meanings given in various draft financing documents. As of the date of this Summary, the Borrower expects to issue four (4) series of fixed rate bonds in three (3) lien tiers. Subject to market conditions, the Bonds will be structured as follows:

1. **Senior Series 2026A Bonds (the “Senior Bonds”), tax-exempt: \$60,910,000***
 - 6.00% coupon, priced at par; interest payable semiannually on January 1 and July 1, beginning January 1, 2027.
 - Sinking fund installments each January 1 from 2030 through 2033. Stated maturity of January 1, 2056*, subject to mandatory tender on January 1, 2034*, when \$57,680,000* is expected to be remarketed or refinanced.
2. **Subordinate Series 2026B Bonds (the “Senior Subordinate Bonds”), tax-exempt: \$13,000,000***
 - 11.00% coupon, priced at approximately 95% (12.05% yield), producing \$648,566 of original issue discount; interest payable monthly.
 - Interest-only through 2029, then sinking fund installments from 2030 through 2033. Subject to the January 1, 2034* mandatory tender, when \$12,690,000* is expected to be outstanding and a 5% premium is payable.
3. **Subordinate Series 2026C-1 Bonds (tax-exempt, \$11,015,000*) and Taxable Subordinate Series 2026C-2 Bonds (\$2,125,000*) (together, the “Seller Subordinate Bonds”)**
 - 8.50% coupon, priced at par with no underwriter’s discount; expected to be issued to the Seller.

- Junior to the Senior Bonds and the Senior Subordinate Bonds, with payment of interest and principal subject to Excess Surplus Fund Amounts generated by the project; also subject to the January 1, 2034* mandatory tender.

The structure is preliminary and subject to revision before pricing, including the allocation of par among the series within the \$102,300,000 aggregate authorized by the Series Resolution. The mandatory tender and remarketing provisions remain subject to change and will be confirmed before the Bonds are delivered. Closing is expected on or around November 6, 2026.

Appraisal and Feasibility

HealthTrust’s appraisals (August 2026) support the \$72.95 million purchase price, with aggregate “as is” and “as stabilized” values modestly above the purchase price based on the sum of the individual community values. Measured against total capitalization of the Bonds, the Senior Bonds represent approximately 70% and the Senior and Senior Subordinate Bonds together approximately 85%, with the Seller Subordinate Bonds subordinate to both.

The Feasibility Study remains in draft. It presents CliftonLarsonAllen’s examination of management’s financial forecast through December 31, 2029; the underlying assumptions, including occupancy, rates and expenses, originate with management. The forecast assumes occupancy improves modestly from recent levels (83.7% for the trailing twelve months ended July 2026) to approximately 90%, and projects coverage on the Senior and Senior Subordinate Bonds above the 1.20x covenant in each forecast year.

Summary of Terms

Issuer:	Minnesota Health and Education Facilities Authority (the “Authority”), referred to in the Liquidity Support Agreement as the “MN Issuer”
Borrower:	GHF MN, LLC (the “Borrower”), a Delaware limited liability company and wholly-owned subsidiary of Glenhaven Housing Foundation, Inc. (the “Parent”), a Wyoming nonprofit corporation and 501(c)(3) organization. The Borrower acts on behalf of itself and as Obligated Group Representative. The Obligated Group consists of the Borrower and the PropCo, OpCo and HoldCo subsidiaries for each Community (the “Buyers”), including a vacant parcel adjacent to Keystone Bluffs known as Keystone Bluffs 2. The Parent is not a member of the Obligated Group. It will provide an Indemnity and Guaranty Agreement and a Pledge Agreement.
Purpose of the Series 2026 Bonds:	Under an Asset Purchase Agreement and Operations Transfer Agreements (the “Purchase Agreements”) with affiliates of Twin Diamond Property, LLC (the “Seller”), the Buyers will purchase and operate nine assisted living and memory care communities in Minnesota with 346 licensed beds (the “Communities”): Keystone Bluffs Assisted Living (Duluth) and Diamond Willow Cloquet, Detroit Lakes, Grand Rapids, Lester Park (Duluth), Little Falls, Mountain Iron, Park Rapids and Proctor. Diamond Willow Management LLC (the “Manager”) will manage the Communities under Management Agreements dated as of November 1, 2026. Proceeds of the Bonds will be used to: (1) pay the \$72,950,000 portfolio purchase price;

	(2) fund \$700,000 of capital expenditures and predevelopment costs; (3) fund debt service reserve funds for the Senior Bonds and the Senior Subordinate Bonds, and an operating reserve fund; (4) capitalize a portion of the interest on the Senior Bonds and Senior Subordinate Bonds; and (5) pay certain costs of issuance. The Communities will be owned by the PropCo members and operated by the OpCo members of the Obligated Group.
Issue Size:	The estimated par amount of the Bonds is \$87,050,000*: Senior Bonds \$60,910,000; Senior Subordinate Bonds \$13,000,000; Series 2026C-1 \$11,015,000; and Series 2026C-2 \$2,125,000. Of the total, \$84,925,000* is tax-exempt and \$2,125,000* is taxable. Net of original issue discount, bond proceeds are estimated at \$86,401,434*. The estimated par amount is below the Authority's not-to-exceed amount of \$102,300,000 as of the writing of this Summary. Sources and uses are shown in Exhibit A.
Costs of Issuance:	Based on the Underwriter's debt schedules, estimated delivery-date expenses total \$3,583,425*. This consists of an underwriter's discount of \$1,293,425 (1.75% of Senior and Senior Subordinate Bond par) and other costs of issuance of \$2,290,000, of which \$165,000 is funded from the Senior and Senior Subordinate Bonds and \$2,125,000 from the Taxable Series 2026C-2 Bonds.
Type of Sale and Underwriter:	The Senior Bonds and Senior Subordinate Bonds will be sold through a negotiated limited offering by Herbert J. Sims & Co., Inc., as underwriter. Sales are limited to Qualified Institutional Buyers and Accredited Investors that deliver investor letters, and the Bonds carry transfer restrictions, consistent with the Authority's Policy on Private Placement Financing. The Senior Subordinate Bonds are expected to be sold to 503 Capital Partners ("503") at a discounted price of approximately 95%. The Seller Subordinate Bonds are expected to be issued at par to the Seller and may not be transferred before a specified hold date, except as permitted by the Bond Indenture. The Bonds will be issued as Federal and State of Minnesota tax-exempt bonds, except the Series 2026C-2 Bonds, which will be federally taxable.
Expected Pricing Date:	Week of October 19, 2026
Expected Closing Date:	On or around November 6, 2026
TIC (True Interest Cost):	Fixed rates through the mandatory tender date. Based on the Underwriter's debt schedules dated September 21, 2026, as confirmed by Marathon: • Senior Bonds: 6.00% coupon; TIC 6.314%; all-in TIC 6.359%. • Senior Subordinate Bonds: 11.00% coupon, priced to a 12.05% yield; TIC 12.761%; all-in TIC 12.788% (13.25% including the 5% tender premium, calculated by Marathon). • Seller Subordinate Bonds: 8.50% coupon; TIC 8.504%. • All series blended: TIC approximately 7.57%; all-in TIC approximately 8.08%. Arbitrage yield: 7.296%.
Bond Denominations:	\$100,000 and any integral multiple of \$5,000 in excess thereof.

Interest Payments:	Senior Bonds and Seller Subordinate Bonds: semiannually on January 1 and July 1, beginning January 1, 2027. Senior Subordinate Bonds: monthly, beginning January 1, 2027. Interest on the Seller Subordinate Bonds is payable only from excess surplus, and any unpaid amount is deferred to the next payment date. Deferral is not an Event of Default while senior tiers remain outstanding.
Principal Payments:	Senior Bonds and Senior Subordinate Bonds: interest-only through 2029, then mandatory sinking fund installments each January 1 from 2030 through 2033 (\$800,000 to \$975,000 per year combined). The Seller Subordinate Bonds have no sinking fund and may be redeemed from excess surplus. Stated final maturity is January 1, 2056*. All series are expected to be subject to mandatory tender on January 1, 2034*, when approximately \$83,510,000* is expected to be outstanding and remarketed or refinanced; these provisions remain subject to change.
Redemption:	Optional: the Senior Bonds are expected to be callable at a premium starting at 104% and declining to par; the Senior Subordinate Bonds are expected to be callable at a premium starting at 103% and increasing to 105% including maturity. Call dates are to be set at pricing and coordinated with the 2034 tender. Extraordinary: at par, at the Borrower's election, upon damage, destruction or condemnation of the Communities (Senior Bonds first, then Senior Subordinate Bonds, then Seller Subordinate Bonds). Also on a sale of facilities, and at 105% upon a Determination of Taxability. Mandatory: sinking fund redemption as described above. The Seller Subordinate Bonds may also be redeemed at par from excess surplus.
Rating:	The Bonds will not be rated.
Security:	The Bonds are special limited obligations of the Authority. They are payable solely from payments under the Loan Agreement and from Master Obligations issued by the Obligated Group under the Master Trust Indenture, as supplemented by Supplemental Indenture Number 1 (together, the "Master Indenture"). The members of the Obligated Group are jointly and severally liable on the Master Obligations. The Master Obligations are secured by a pledge of Gross Operating Revenues, subject to deposit account control agreements, and by first-lien mortgages on the Communities. The Parent will provide an Indemnity and Guaranty Agreement and a Pledge Agreement. Lien priority is: the Senior Bonds; then the Senior Subordinate Bonds; then the Seller Subordinate Bonds. The Seller Subordinate Bonds are paid only from released Excess Surplus Fund Amounts, as described under Revenue Fund and Flow of Funds.
Revenue Fund and Flow of Funds:	All Gross Operating Revenues are deposited into local deposit accounts subject to control agreements and swept monthly to a Revenue Fund held by the Master Trustee. On the 15th day of each month, amounts in the Revenue Fund are applied in the following order of priority: • to the Insurance and Tax Escrow Fund (one-twelfth of budgeted premiums and taxes); • to the Operating Fund, for budgeted operating expenses (other than management and asset management fees); • to debt service on the Senior Bonds, and then on the Senior Subordinate Bonds;

-
- to replenish the debt service reserve funds;
 - to the Base Management Fee and then the Base Asset Management Fee;
 - to rebate, deferred fees then due, the Operations and Maintenance Reserve Fund (one month of budgeted operating expenses), the Repair and Replacement Fund (beginning January 2027), the Administration Fund and replenishment of the Liquidity Support Fund; and
 - to the Surplus Fund, all remaining amounts.

Because the Base Management Fee is paid after debt service on the Senior and Senior Subordinate Bonds, management compensation is subordinate to those bondholders. Monthly shortfalls carry forward and are not, by themselves, an Event of Default. Surplus Fund amounts may be used to cure senior debt service, operating and reserve shortfalls. On each December 31, if the Tier II Tests are met and no default exists, the Excess Surplus Fund Amount (limited to cash above the Tier II liquidity level) is released: 65% to debt service on the Seller Subordinate Bonds and then to deferred and incentive management fees, and 35% to the Borrower.

Debt Service Reserve Account:

Separate debt service reserve funds will be funded from proceeds: \$4,398,900 for the Senior Bonds and \$1,497,849.96 for the Senior Subordinate Bonds. Each equals the series' maximum annual debt service through the tender date, subject to the Bond Indenture requirement (the least of maximum annual debt service, 10% of principal, or 125% of average annual debt service). No reserve fund is provided for the Seller Subordinate Bonds.

An Operating Reserve Fund of \$2,640,000 will also be funded from proceeds. Under the Master Indenture, an Operations and Maintenance Reserve Fund equal to one month of budgeted operating expenses and a Repair and Replacement Fund (\$600 per bed per year, up to \$1,200,000, beginning January 2027) will be funded from operations.

Financial Covenants:

Under the Master Indenture (current draft):

- **Coverage Test:** 1.20x debt service coverage on the Senior and Senior Subordinate Master Obligations, tested annually on audited results beginning with fiscal year 2027. If not met, the Manager prepares a management report (if the Liquidity Requirement is met) and a Management Consultant is retained if the shortfall continues for two consecutive quarters. Coverage of 1.00x or less is an Event of Default.
 - **Liquidity Requirement:** 60 days' cash on hand as of the initial Testing Date(s), increasing to 75 days' cash on hand on each semiannual Testing Date (June 30 and December 31) thereafter. If liquidity falls below the applicable requirement, a Management Consultant must be retained. Liquidity below 30 days' cash on hand constitutes an Event of Default.
 - **Occupancy Covenant:** Weighted average occupancy of at least 82.55% for fiscal year 2026 and each year thereafter, tested annually. A shortfall requires a report and improvement plan, and a Management Consultant if it continues a second year; it is not an Event of Default if the plan and recommendations are followed.
 - **Tier II Tests:** Release of Excess Surplus Fund Amounts requires 1.35x coverage, Tier II liquidity (rising from 75 to 105 days' cash on hand through 2029) and 85% occupancy, with no default.
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	• Additional Indebtedness: Permitted subject to historical (1.20x) or projected (1.25x to 1.30x) coverage tests, a refunding test and specified baskets, and subject to 503 consent. The Bonds will be marketed with these covenants, which remain subject to negotiation.
Continuing Disclosure:	The Borrower, as Obligated Group Representative, will execute a Continuing Disclosure Certificate for the benefit of bondholders. It will file the following on EMMA: • audited financial statements, with debt service coverage and days cash on hand, within 150 days of fiscal year end (December 31); • quarterly unaudited financial statements, debt service coverage and days cash on hand, with an occupancy and operating data update, within 45 days of each quarter end, beginning with the quarter ending December 31, 2026; • notice of the listed events under Rule 15c2-12. The Borrower will also host quarterly investor calls.
Credit Enhancement:	Other than the Parent Pledge; no credit enhancement will be provided. The Bonds will be marketed based on the credit of the Obligated Group. Under the Liquidity Support Agreement, the Seller, as Liquidity Support Provider, will deposit \$2,750,000 in cash into a Liquidity Support Fund held by the Master Trustee. The Seller may substitute a qualifying letter of credit. Funds may be drawn for operating shortfalls before any draw on a debt service reserve fund, for repairs, and for judgments. The balance is not returned to the Seller until all Senior and Senior Subordinate Master Obligations are paid or defeased.
Trustee/Registrar and Paying Agent:	UMB Bank, N.A. will serve as Bond Trustee, Registrar and Paying Agent under the Bond Trust Indenture, and as Master Trustee under the Master Indenture.
Permitted Investments:	Bond proceeds and related funds may be invested in securities permitted under Minnesota statutes and the Bond Indenture. These generally include U.S. Treasury and agency obligations, collateralized or insured deposits, highly rated commercial paper, Treasury money market funds and investment agreements with highly rated banks, with maturities limited to six months. Liquidity Support Fund balances may not be invested at a yield above the yield on the tax-exempt Bonds.
Schedules:	Exhibit A: estimated sources and uses of funds and projected debt service by series (Underwriter's debt schedules dated September 21, 2026).

**Preliminary; subject to change.*

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Preliminary Financing Plan Summary – Glenhaven Housing Foundation (Minnesota Project)
October __, 2026
Exhibit A – Estimated Sources and Uses of Funds and Debt Service*

	Senior Series 2026A (Tax-Exempt)	Subordinate Series 2026B (Tax-Exempt)	Subordinate Series 2026C-1 (Tax-Exempt)	Taxable Subordinate Series 2026C-2	Total
Sources					
Par Amount	60,910,000	13,000,000	11,015,000	2,125,000	87,050,000
Original Issue Discount		(648,565.75)			(648,565.75)
Total Sources	60,910,000	12,351,434.25	11,015,000	2,125,000	86,401,434.25
Uses					
Portfolio Purchase Price	51,860,000	10,075,000	11,015,000		72,950,000
Capex and Predevelopment	700,000				700,000
Debt Service Reserve Fund	4,398,900	1,497,849.96			5,896,749.96
Operating Reserve Fund	2,215,000	425,000			2,640,000
Capitalized Interest	516,608.44	110,259.56			626,868
Costs of Issuance	150,000	15,000		2,125,000	2,290,000
Underwriter's Discount (1.75%)	1,065,925	227,500			1,293,425
Additional Proceeds	3,566.56	824.73			4,391.29
Total Uses	60,910,000	12,351,434.25	11,015,000	2,125,000	86,401,434.25
Key Terms					
Coupon / Yield	6.00% / 6.00%	11.00% / 12.05%	8.50% / 8.50%	8.50% / 8.50%	
Interest Payments	Semiannual	Monthly	Semiannual	Semiannual	
TIC / All-In TIC (Total = blended)	6.314% / 6.359%	12.761% / 12.788%	8.504% / 8.504%	8.504% / n/a	7.57% / 8.08%
Stated Maturity / Mandatory Tender	2056 / 1/1/2034	2056 / 1/1/2034	2056 / 1/1/2034	2056 / 1/1/2034	

Estimated Annual Debt Service by Series* (through the January 1, 2034 mandatory tender)

Year Ending	Senior 2026A	Subordinate 2026B	Subordinate 2026C-1	Taxable Sub. 2026C-2	Total
01/01/2027	558,341.67	218,472.22	143,042.01	27,595.49	947,451.39
01/01/2028	3,654,600	1,430,000.04	936,275	180,625	6,201,500.04
01/01/2029	3,654,600	1,430,000.04	936,275	180,625	6,201,500.04
01/01/2030	4,389,600	1,495,000.04	936,275	180,625	7,001,500.04
01/01/2031	4,395,500	1,497,849.96	936,275	180,625	7,010,249.96
01/01/2032	4,388,400	1,494,599.96	936,275	180,625	6,999,899.96
01/01/2033	4,398,900	1,495,800	936,275	180,625	7,011,600
01/01/2034 †	61,140,800	14,085,900	11,951,275	2,305,625	89,483,600
Total	86,580,741.67	23,147,622.26	17,711,967.01	3,416,970.49	130,857,301.43

† Includes \$83,510,000 of principal expected at the January 1, 2034 mandatory tender, assumed paid from remarketing or refinancing proceeds (excludes the \$634,500 Series 2026B tender premium). Seller Subordinate Bond debt service shown as scheduled; payment subject to excess surplus. Source: Underwriter's debt schedules dated September 21, 2026, independently confirmed by Marathon.

*Preliminary; subject to change.

SERIES RESOLUTION
APPROVING THE ISSUANCE AND SALE OF SENIOR LIVING
REVENUE BONDS (GLENHAVEN HOUSING FOUNDATION-
MINNESOTA PROJECT), SERIES 2026

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

- Section 1. Definitions. The terms used in this resolution (1) have the meanings assigned below or (2) the meanings assigned to them in the Bond Indenture or the Loan Agreement, unless the context, use or the rules of grammar indicate another or differing meaning or intent:
- a. Act: shall mean Minnesota Statutes, Section 15D, as amended.
 - b. Authorized Officers: shall mean the Chair or Vice Chair and the Secretary or Assistant Secretary of the Issuer or the officers authorized to act for the foregoing officers.
 - c. Bond Counsel: shall mean Fryberger, Buchanan, Smith & Frederick, P.A., or an attorney or firm of attorneys experienced in the field of municipal bonds the opinions of whom or which are generally accepted by purchasers of municipal bonds, selected or employed by the Issuer.
 - d. Bond Documents: shall mean, collectively, the Issuer Documents, the Borrower Documents and the Bonds.
 - e. Bond Indenture: the Bond Trust Indenture related to the Bonds to be entered into between Issuer and the Bond Trustee authorizing the Bonds.
 - f. Bond Purchase and Placement Agreement: means the Bond Purchase and Placement Agreement, among the Issuer, the Borrower and the Underwriter/Placement Agent for the Bonds.
 - g. Bond Trustee: shall mean UMB Bank, N.A., and any successor to its duties under the Bond Indenture.
 - h. Bonds: shall mean together the Senior 2026 Bonds, the Subordinate 2026B Bonds, the Subordinate 2026C-1 Bonds and the Subordinate 2026C-2 Bonds.
 - i. Borrower: means GHF MN, LLC, on behalf of itself and the Obligated Group as Obligated Group Representative of the Obligated Group, and its authorized successors and assigns under Section 6.3 of the Loan Agreement.
 - j. Borrower Documents: shall mean, collectively, the Loan Agreement, the Master Indenture, the Supplemental Indenture, Series 2026 Senior Master

Obligation, the Series 2026B Subordinate Master Obligation, the Series 2026C-1 Subordinate Master Obligation, the Series 2026C-2 Subordinate Master Obligation, the Tax Regulatory Agreement, the Mortgage, the Bond Purchase and Placement Agreement, the Continuing Disclosure Agreements, and together with all other documents or instruments executed by the Borrower evidencing or securing the Borrower's obligations under the Loan Agreement and the Master Indenture, in each case as the same may be amended and supplemented from time to time.

- k. Continuing Disclosure Agreements: shall mean the Continuing Disclosure Certificates to be entered into by the Obligated Group Representative, as amended from time to time, to provide continuing disclosure by the Obligated Group.
- l. Executive Director: shall mean the Executive Director of the Issuer. The term shall include the Chair or the Vice Chair of the Issuer Board whenever, by reason of absence, illness, or other reason, the Executive Director of the Issuer is unable to act.
- m. Facilities: shall mean the assisted living facilities located at: (i) 2528 Trinity Road, Duluth MN, to be owned by GHF Keystone Bluffs PropCo, LLC, (ii) 130 West North Road, Cloquet, MN, to be owned by GHF Cloquet PropCo, LLC, (iii) 1558 Randolph Road, Detroit Lakes, MN, to be owned by GHF Detroit Lakes PropCo, LLC, (iv) 949 Southwest 11th Avenue, Grand Rapids, MN, to be owned by GHF Grand Rapids PropCo, LLC, (v) 6353 East Superior Street, Duluth, MN, to be owned by GHF Lester Park PropCo, LLC, (vi) 1401 5th Avenue NE, Little Falls, MN, to be owned by GHF Little Falls PropCo, LLC, (vii) 8583 Unity Drive, Mountain Iron, MN, to be owned by GHF Mountain Iron PropCo, LLC, (viii) 909 Crocus Hill Street, Park Rapids, MN, to be owned by GHF Park Rapids PropCo, LLC, (ix) 913-923 Old Highway 2, Proctor, MN, to be owned by GHF Proctor PropCo, LLC, and (x) real property adjacent to 2528 Trinity Road Duluth, MN, to be owned by GHF Keystone Bluffs PropCo 2, LLC.
- n. Governing Body: shall mean the members of the Minnesota Health and Education Facilities Authority.
- o. Issuer: shall mean the Minnesota Health and Education Facilities Authority, an agency of the State.
- p. Issuer Documents: shall mean, collectively, the Loan Agreement, the Tax Regulatory Agreement, the Bond Indenture and the Bond Purchase and Placement Agreement.

- q. Limited Offering Memorandum: shall mean the Limited Offering Memorandum relating to the Senior 2026 Bonds and Subordinate 2026B Bonds.
- r. Loan Agreement: shall mean the Loan Agreement by and between the Issuer and the Borrower, as in effect on the Closing Date and as it may thereafter be amended and supplemented from time to time in accordance with its terms.
- s. Master Indenture: shall mean the Master Trust Indenture to be entered into by and between the Obligated Group and the Master Trustee, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.
- t. Master Notes: shall mean, together, the Series 2026 Senior Master Obligation, the Series 2026B Subordinate Master Obligation, the Series 2026C-1 Subordinate Master Obligation and the Series 2026C-2 Subordinate Master Obligation.
- u. Master Trustee: shall mean UMB Bank, N.A., and its successors in the trust created under the Master Indenture.
- v. Members: has the meaning assigned in the Master Indenture.
- w. Mortgage: means the mortgage or mortgages pursuant to which the Borrower or Member will grant a mortgage lien to the Master Trustee on the real property and improvements comprising the Project.
- x. Obligated Group: shall mean, collectively, the Obligated Group Representative, GHF Keystone Bluffs HoldCo, LLC, GHF Keystone Bluffs PropCo, LLC, GHF Keystone Bluffs OpCo, LLC, GHF Keystone Bluffs PropCo 2, LLC, GHF Cloquet HoldCo, LLC, GHF Cloquet PropCo, LLC, GHF Cloquet OpCo, LLC, GHF Detroit Lakes HoldCo, LLC, GHF Detroit Lakes PropCo, LLC, GHF Detroit Lakes OpCo, LLC, GHF Grand Rapids HoldCo, LLC, GHF Grand Rapids PropCo, LLC, GHF Grand Rapids OpCo, LLC, GHF Lester Park HoldCo, LLC, GHF Lester Park PropCo, LLC, GHF Lester Park OpCo, LLC, GHF Little Falls HoldCo, LLC, GHF Little Falls PropCo, LLC, GHF Little Falls OpCo, LLC, GHF Mountain Iron HoldCo, LLC, GHF Mountain Iron PropCo, LLC, GHF Mountain Iron OpCo, LLC, GHF Park Rapids HoldCo, LLC, GHF Park Rapids PropCo, LLC, GHF Park Rapids OpCo, LLC, GHF Proctor HoldCo, LLC, GHF Proctor PropCo, LLC, and GHF Proctor OpCo, LLC, each a Delaware limited liability company qualified to do business and with a registered office and registered agent in the State, and the sole member of each of which is the Borrower and any other Person who has satisfied the requirements set forth in the Master Indenture for becoming an Obligated Group Member and its successors until

any such Person or a successor or transferee Person satisfies the requirements set forth in the Master Indenture for ceasing to be an Obligated Group Member.

- y. Obligated Group Representative: shall mean GHF MN, LLC, or such other member of the Obligated Group as the then incumbent Obligated Group Representative shall designate as a successor by an Officer's Certificate delivered to the Master Trustee.
- z. Parent: shall mean Glenhaven Housing Foundation, Inc., a Wyoming nonprofit corporation with a registered office, registered agent and licensed to do business in the State, the sole member of the Borrower.
- aa. Paying Agent: shall mean the Bond Trustee, in its capacity as paying agent under the Bond Indenture, and its successors.
- bb. Person: shall have the meaning assigned in the Master Indenture.
- cc. Project: shall mean the acquisition of the Facilities and capital improvements at the Facilities.
- dd. Registrar: shall mean the Bond Trustee or the successor registrar, designated in accordance with the Bond Indenture.
- ee. Seller: means Twin Light Capital LLC.
- ff. Senior 2026 Bonds: means the Issuer's Senior Living Revenue Bonds (Glenhaven Housing Foundation-Minnesota Project), Senior Series 2026A authorized under the Bond Indenture.
- gg. Series 2026 Senior Master Obligation: shall mean the Senior Master Obligation created and issued by the Obligated Group pursuant to the Supplemental Indenture, delivered to the Master Trustee and securing the Senior 2026 Bonds.
- hh. Series 2026B Subordinate Master Obligation: shall mean the Subordinate Master Obligation created and issued by the Obligated Group pursuant to the Supplemental Indenture, delivered to the Master Trustee and securing payment of the Subordinate 2026B Bonds.
- ii. Series 2026C-1 Subordinate Master Obligation: shall mean the Subordinate Master Obligation created and issued by the Obligated Group pursuant to the Supplemental Indenture, delivered to the Master Trustee and securing payment of the Subordinate 2026C-1 Bonds.

- jj. Series 2026C-2 Subordinate Master Obligation: shall mean the Subordinate Master Obligation created and issued by the Obligated Group pursuant to the Supplemental Indenture, delivered to the Master Trustee and securing payment of the Subordinate 2026C-2 Bonds.
 - kk. State: shall mean the State of Minnesota.
 - ll. Subordinate 2026B Bonds: shall mean the Issuer's Senior Living Revenue Bonds (Glenhaven Housing Foundation-Minnesota Project), Subordinate Series 2026B authorized under the Bond Indenture.
 - mm. Subordinate 2026C-1 Bonds: shall mean the Issuer's Senior Living Revenue Bonds (Glenhaven Housing Foundation-Minnesota Project), Subordinate Series 2026C-1 authorized under the Bond Indenture.
 - nn. Subordinate 2026C-2 Bonds: shall mean the Issuer's Senior Living Revenue Bonds (Glenhaven Housing Foundation-Minnesota Project), Subordinate Taxable Series 2026C-2 authorized under the Bond Indenture.
 - oo. Subordinate 2026 Bonds: the Subordinate 2026B Bonds, the Subordinate 2026C-1 Bonds and the Subordinate 2026C-2 Bonds.
 - pp. Supplemental Indenture: shall mean the Supplemental Indenture Number 1 by and among the Obligated Group and the Master Trustee, creating and authorizing the issuance of the Series 2026 Senior Master Obligation, the Series 2026B Subordinate Master Obligation, the Series 2026C-1 Subordinate Master Obligation and the Series 2026C-2 Subordinate Master Obligation.
 - qq. Tax Regulatory Agreement: shall mean the Tax Regulatory Agreement dated the closing date between the Borrower and the Issuer.
 - rr. Undertaking: shall mean (i) the Project; (ii) financing working capital costs directly related to the Project; (iii) funding required reserves; and (iv) paying the costs of issuance of the Bonds.
 - ss. Underwriter/Placement Agent: shall mean Herbert J. Sims & Co., Inc.
- Section 2. Summary of the Documents. Bond Counsel has provided the following information relating to the Documents:
- a. In the *Bond Indenture*, the Issuer pledges and grants a security interest to the Bond Trustee in all of its right, title, and interest in the Loan Agreement (except for certain rights of the Issuer to payment, indemnification and enforcement) and all moneys on deposit with the Bond Trustee under the Bond Indenture, for the benefit of the owners of the Bonds authorized to be

issued under such Bond Indenture. The Bond Indenture sets forth the terms and conditions, covenants, rights, obligations, duties and agreements of the owners of the Bonds, the Issuer and the Bond Trustee.

- b. In the *Loan Agreement*, the Issuer loans the proceeds of the Bonds referenced therein to the Obligated Group and the Obligated Group agrees to repay the loans in the amounts and at the times required to pay the principal of, premium, if any, and interest on the related Bonds in full when due. In addition, the Loan Agreement contains provisions requiring the Obligated Group to pay the administrative and legal costs incurred by the Issuer in connection with the Bonds (including post-issuance expenses, if any) and the Issuer's administrative fee required by the Issuer as a condition to issue the Bonds. In addition, the Obligated Group agrees and is obligated to indemnify, provide reports, and permit enforcement by the Issuer of its rights under the Loan Agreement.
- c. The Obligated Group's payment obligations under the Loan Agreement are proposed to be secured by the *Master Notes*, issued by the Obligated Group Representative under and according to the terms of the *Master Indenture* and payable and secured under the Master Indenture. The Series 2026 Senior Master Obligation shall be a Senior Master Obligation under the Master Indenture and shall be senior to the Series 2026B Subordinate Master Obligation, the Series 2026C-1 Subordinate Master Obligation and the Series 2026C-2 Subordinate Master Obligation. The Series 2026B Subordinate Master Obligation shall be a Subordinate Master Obligation under the Master Indenture and shall be junior to the Series 2026 Senior Master Obligation but senior to the Series 2026C-1 Subordinate Master Obligation and the Series 2026C-2 Subordinate Master Obligation. One Master Note will be issued in a stated principal amount equal to the stated principal amount of related series of the Bonds and will bear interest at the rate or rates payable from time to time on such series of the Bonds. Each member of the Obligated Group is jointly and severally liable for payment of the Master Notes. The Master Notes are issued to and registered in the name of the Master Trustee, and pledged for the benefit of the Bond Trustee as provided in the Master Indenture and the Bond Indenture. Each applicable member of the Obligated Group will also grant or join in a mortgage on its real property and equipment, as applicable, to secure payment of the Master Notes.
- d. The *Supplemental Indenture* is required under the Master Indenture to authorize issuance of the Series 2026 Senior Master Obligation, the Series 2026B Subordinate Master Obligation, the Series 2026C-1 Subordinate Master Obligation and the Series 2026C-2 Subordinate Master Obligation, and to establish the terms thereof.
- e. As required by the Code, the Issuer and Borrower will execute the Tax Regulatory Agreement, in customary form prepared by Bond Counsel to

demonstrate compliance with the conditions required for interest on the Senior 2026 Bonds, the Subordinate 2026B Bonds and Subordinate 2026C-1 Bonds to be excludable from the gross income of the owners of the Senior 2026 Bonds, Subordinate 2026B Bonds and Subordinate 2026C-1 Bonds for federal income tax purposes. All of the Issuer's representations made in the Tax Regulatory Agreement are based on facts provided by Borrower.

- f. In the *Continuing Disclosure Agreements*, the Obligated Group Representative agrees to make information on the financial condition and operations of the Obligated Group publicly available through the Municipal Securities Rulemaking Board.
- g. In the *Bond Purchase and Placement Agreement*, the Issuer agrees to sell and the Underwriter/Placement Agent agrees to purchase or place, as applicable, the Bonds, subject to the terms and conditions set forth in the Bond Purchase and Placement Agreement.

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

- a. The Issuer previously approved an Application for Financing of the Borrower and exhibits thereto, including an Indemnity Agreement and received the application fee in the amount of \$1,000, which was approved by the Governing Body.
- b. The Issuer held a public hearing on the Project and the financing thereof on August 12, 2026, and all persons in attendance wishing to speak on the proposed issuance of the Bonds and the proposal of the Obligated Group to undertake and finance the Undertaking, if any, were given an opportunity to do so.
- c. The Borrower is a limited liability company and is a health care organization authorized to operate a health care facility in the State, eligible to be a participating health care facility under Sections 15D.01 to 15D.18 of the Act. The Borrower and each Member are qualified to do business in and have a registered office and registered agent in the State.
- d. The Project is intended for the benefit of the people of the State, the increase of their commerce, welfare and property and the improvement of their health and living conditions; it is essential that health care organizations in Minnesota be provided with appropriate additional means to establish, acquire, construct, improve and expand health care facilities in furtherance of their purpose and will otherwise carry out the purposes and policies of the Act.
- e. It is a purpose of the Act to provide a measure of assistance and an alternative method to enable health care organizations to provide the

facilities and structures which are sorely needed to accomplish the purposes of the Act, all to the public benefit and good, to the extent and manner provided.

- f. The Project is not used or to be used for: (i) sectarian instruction or as a place of religious worship; (ii) primarily in connection with a program of divinity for any religious denomination; and (iii) does not include any supplies, medicine, medical supplies, or other items, the cost of which are customarily deemed to result in a current operating charge.
- g. The Issuer has received a financial report from the municipal advisor to the Borrower setting forth the proposed plan of finance for the Bonds (the "Finance Plan"). The Issuer finds that the Finance Plan is satisfactory.
- h. Drafts of the forms of the Documents have been made available to this Governing Body and are on file in the office of the Executive Director.

Section 4. Approval of the Project and the Bonds. The Project is an authorized project under the Act and is hereby approved. Issuance of the Bonds for the purposes of the Undertaking in an aggregate principal amount of not to exceed \$102,300,000 is approved and authorized, subject to the following:

- a. The Senior 2026 Bonds shall be sold to the Underwriter/Placement Agent at the price or prices set forth in and subject to satisfaction of the terms of the Bond Purchase and Placement Agreement. The Subordinate 2026B Bonds shall be sold to the Underwriter/Placement Agent at the price or prices set forth in and subject to satisfaction of the terms of the Bond Purchase and Placement Agreement. The Subordinate 2026C-1 Bonds and the Subordinate 2026C-2 Bonds shall be placed by the Underwriter/Placement Agent with the Seller subject to the satisfaction of the terms of the Bond Purchase and Placement Agreement.
- b. The Subordinate 2026 Bonds shall be subordinate and junior to the Senior 2026 Bonds. The Subordinate 2026C-1 Bonds and the Subordinate 2026C-2 Bonds shall be subordinate and junior to the Subordinate 2026B Bonds.
- c. The Bonds are to be issued pursuant to the Act and the Bond Indenture. The Borrower is authorized to approve the final interest rate or rates on the Bonds, subject to such adjustment as may be provided for in the Bond Indenture and the Bonds, and upon the terms and conditions specified in this resolution, the Bond Indenture and the Bonds provided that the principal amount of the Bonds does not exceed the amount set forth above. The Borrower is further authorized to approve the issue and delivery dates of the Bonds. The

Bonds shall contain a recital that they are issued pursuant to the Act as conclusive evidence of their validity and of the regularity of their issuance. Subject to clause e. below, the Bonds (i) are to be designated as approved by the Executive Director (which designation or designations shall supersede any designation or designations contained in Section 1), be dated, be in substantially the form, be signed, be in the denominations, have maturities and be subject to redemption as provided in the Bond Indenture and (ii) will bear interest at rates approved by the Borrower and be described and have such other details and provisions as specified in the Bond Indenture. The Bonds will bear the designations set forth in the Bond Indenture.

- d. The maturity date of any of the Bonds cannot exceed 50 years from the date of closing and delivery of the Bonds.
- e. The Bonds must be in substantially the form attached to the Bond Indenture, with appropriate variations, omissions and insertions permitted or required by this resolution, and as may be necessary and appropriate and approved by Bond Counsel and the Borrower. The Bonds are incorporated by reference.
- f. The appointment of UMB Bank, N.A. as bond trustee under the Bond Indenture is approved, ratified and confirmed.
- g. The Authorized Officers, with advice of Bond Counsel, are authorized and directed to execute, acknowledge and deliver the Bonds to the Bond Trustee for authentication as more fully provided in the Bond Indenture. The seal of the Issuer may be omitted as allowed by law. The execution of the Bonds by the Authorized Officers is conclusive evidence of approval of the Bonds in accordance with the terms of this resolution.
- h. On May 20, 2009, the Issuer adopted the Policy on Private Placement Financing (the "Policy"). The Policy applies solely to direct bank placements with no offering materials and does not apply to the sale of the Bonds.
- i. Under the Bond Indenture, each initial Beneficial Owner of the Bonds (as defined therein) shall be either (I) a "Qualified Institutional Buyer" (as defined in Rule 144A Under the Securities Act of 1933, as amended); or (II) an "Accredited Investor" (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended) that in either case has provided an investor letter, in the form attached to the Bond Indenture to the Issuer and the Bond Trustee. The Bonds may not after the initial sale thereof be transferred to any Beneficial

Owner that is not a Qualified Institutional Buyer or an Accredited Investor.

- Section 5. Registered Form. The Bonds must be issued only in fully registered form, numbered and in such denominations as provided for each series of the Bonds in the Bond Indenture.
- Section 6. Bond Trustee; Bond Registrar; Paying Agent. The Issuer appoints the Bond Trustee as trustee, registrar and paying agent for the Bonds.
- Section 7. Approval and Execution of Documents and Certificates.
- a. The Issuer Documents and the Bonds are made a part of this resolution and are approved in substantially the forms on file with the Issuer.
 - b. The Authorized Officers (individually or with one or more other officers and members of the Issuer) are authorized and directed:
 - i. to execute, acknowledge and deliver the Issuer Documents and the Bonds on behalf of the Issuer with such changes, insertions and omissions therein as Bond Counsel may hereafter approve; provided that the Executive Director may approve the Bond Purchase and Placement Agreement upon execution thereof by the Borrower and the Underwriter/Placement Agent;
 - ii. to execute and deliver all other documents which may be required under the terms of the Issuer Documents or the Bonds or by Bond Counsel;
 - iii. to take any other action required or deemed appropriate on the advice of Bond Counsel for the performance of the Issuer's duties necessary to carry out the purposes of the Bonds and the Issuer Documents;
 - iv. furnish certified copies of this resolution, all proceedings and records of the Issuer relating to the Bonds, and any other affidavits and certificates required, in the opinion of Bond Counsel, to show the facts relating to the Issuer respecting the Bonds, as the facts appear from the books and records in the Issuer's custody and control or as otherwise known to them; and
 - v. upon the advice of Bond Counsel, to take such further action, including without limitation holding any additional hearings and coordinating additional approvals, and to execute such additional instruments, as may be required or deemed appropriate at any time in the future in connection with the Bonds and the Project, including further actions in connection with any refinancing or reissuance in

whole or in part thereof, and in connection with any federal tax law remedial actions related to sales, leases or other dispositions or uses of all or any part of the Project and related changes to uses and allocations of proceeds of tax-exempt obligations.

- c. The execution by the Authorized Officers of the Issuer Documents and the Bonds is conclusive evidence of their approval in accordance with the terms of this resolution.
- d. The Borrower Documents are accepted in substantially the forms on file with the Issuer.
- e. As required by the Act, the officers of the Issuer authorized to sign checks or otherwise handle funds of the Issuer shall furnish a surety bond, executed by a surety company authorized to transact business in the State as surety and file the same in the office of the Secretary of State, subject to approval of the Attorney General, prior to delivery of the Bonds, which officers and the amount of the surety bond shall be as set forth in the separate resolution adopted by the Issuer on November 28, 1972.

Section 8. Absent or Disabled Officers. If any of the Authorized Officers or any other officer, employee or agent of the Issuer authorized to execute certificates, instruments, or other written documents on behalf of the Issuer:

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

Section 9. Future Amendments.

- a. After the adoption of this resolution, but prior to the issuance and delivery of the Bonds, the original aggregate principal amount of the Bonds, the maturity date of the Bonds, the principal amount of the Bonds due on each payment date, the date of the documents referenced in this resolution and the Bonds, and the terms of redemption of the Bonds may be established or modified by the Borrower with the approval of the Authorized Officers; provided that the aggregate principal amount of the Bonds may not be increased from the amounts set forth in this resolution.

- b. The authority to approve, execute and deliver, on behalf of the Issuer, future amendments to the Loan Agreement or the Bond Indenture are delegated to the Authorized Officers, subject to the conditions established in the Bond Indenture and Loan Agreement; provided that the Governing Body must approve any changes which, in the opinion of Bond Counsel affect the Reserved Rights, as defined in the Bond Indenture.
- c. The authorization given above is an authorization for the execution and delivery of any certificates and related items required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by one or more of the Authorized Officers is conclusive evidence of the approval in accordance with the terms of this resolution.

Section 10. Limitations.

- a. *Limitation on Payment and Nature of Security.* The revenues and proceeds derived from the Issuer Documents are specifically pledged to the payment of the principal of and interest on the Bonds in the manner and to the extent specified in this resolution, the Bonds and the Bond Documents; and nothing in this resolution, the Bonds and the Bond Documents assigns, pledges or otherwise encumbers any other funds or assets of the Issuer, the State or any agency thereof. The Bonds, together with interest thereon, are special limited obligations of the Issuer and do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer, the State or any agency thereof. Notwithstanding anything contained in the resolution, the Bonds or the Bond Documents or any other document referred to in the resolution, the Bonds or the Bond Documents to the contrary, under the provisions of the Act, the Bonds may not be payable from nor charged upon any funds other than the revenue pledged to their payment under the Issuer Documents. No holder of the Bonds will ever have the right to compel any exercise of the taxing power of the Issuer, the State or any agency thereof to pay the Bonds or the interest thereon. The Bonds are not a debt of the Issuer, the State or any agency thereof within the meaning of any constitutional or statutory limitation. However, nothing impairs the rights of the holder of the Bonds to enforce covenants made for the security of the Bonds.
- b. *Limitation of Liability.* The Issuer is not subject to any liability on the Bonds. No agreement, covenant or obligation contained in this resolution or in the Bond Documents is an agreement, covenant or obligation of any member of the Governing Body, or of any officer, employee or agent of the Issuer in that person's individual capacity. Neither the members of the Issuer Governing Body, nor any officer executing the Bonds or the Bond Documents, is liable personally on the Bonds or subject to any personal

liability or accountability by reason of the issuance of the Bonds or execution of the Bond Documents.

- c. *Limitation on Rights Conferred.* Nothing in this resolution or in the Bond Documents will or is intended to be construed to confer upon any person (other than as provided in the Bonds, the Issuer Documents, and the other agreements, instruments and documents approved in this resolution) any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provision of this resolution.

Section 11. Offering and Disclosure Materials. The Issuer has not participated in the preparation of or reviewed the Limited Offering Memorandum or any offering or disclosure materials with respect to the offer and sale of the Bonds and the Issuer makes no representations or warranties regarding the necessity, sufficiency, accuracy, fairness, completeness or adequacy of any disclosure with respect to the offer and sale of the Bonds.

Section 12. Severability. If any provision of this resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this resolution contained shall not affect the remaining portions of this resolution or any part thereof.

Section 13. Conditions Precedent. The Bonds shall not be delivered until the issuance of the Bonds is approved by the Governor of the State.

Section 14. Effective Date. This resolution shall take effect immediately.

Adopted: October 8, 2026

MINNESOTA HEALTH AND
EDUCATION FACILITIES AUTHORITY

By _____
Its Vice-Chair

By _____
Its Secretary

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RESOLUTION
APPROVING 501(c)(3) MEMBER SUBSTITUTION IN CONNECTION
WITH THE ISSUANCE AND SALE OF REVENUE BONDS (KINGSPATH
TARGET HOUSING OF MINNESOTA PROJECT), SERIES 2026

WHEREAS, the Minnesota Health and Education Facilities Authority (the “Issuer”) issued its (i) Senior Living Revenue Bonds (KingsPath Target Housing of Minnesota Project), Series 2026A-1, in the original aggregate principal amount of \$94,375,000 (the “Series 2026A-1 Bonds”), and its (ii) Senior Living Revenue Bonds (KingsPath Target Housing of Minnesota Project), Series 2026A-2 (Federally Taxable), in the original aggregate principal amount of \$1,910,000 (the “Taxable Series 2026A-2 Bonds” and, collectively with the Series 2026A-1 Bonds, the “Senior Bonds”) pursuant to a Bond Indenture, dated as of May 1, 2026 (the “Senior Indenture”), between the Issuer and the Trustee, as bond trustee, and issued its Subordinated Senior Living Revenue Bonds (KingsPath Target Housing of Minnesota Project), Series 2026B (the “Subordinate Bonds” and, collectively with the Senior Bonds, the “Bonds”) pursuant to a Subordinate Indenture, dated as of May 1, 2026 (the “Sub Indenture”), between the Issuer and the Trustee, as bond trustee, and loaned the sale proceeds of the Bonds to Target Housing of Minnesota, LLC, a Minnesota limited liability company, f/k/a KingsPath Target Housing of Minnesota, LLC (the “Borrower”) pursuant to the terms, respectively, of a Loan Agreement, dated as of May 1, 2026 (the “Senior Loan Agreement”), between the Issuer and the Borrower and a Subordinate Loan Agreement, dated as of May 1, 2026 (the “Sub Loan Agreement”), between the Issuer and the Borrower in order to undertake the following: (a) finance the acquisition of the following assisted living facilities located at: (i) 8500 Regent Avenue North, Brooklyn Park, Hennepin County, Minnesota 55443, owned by Target Properties of Brooklyn Park, the sole member of which is the Borrower, (ii) 1880 East 134th Street East, Burnsville, Dakota County, Minnesota 55337 owned by Target Burnsville, the sole member of which is the Borrower, (iii) 3501 Douglas Drive North, Crystal, Hennepin County, Minnesota 55422 owned by Target Crystal, the sole member of which is the Borrower, (iv) 20949 Keokuk Avenue, Lakeville, Dakota County, Minnesota 55044 owned by Target Lakeville, the sole member of which is the Borrower, (v) 7010 Alvarado Ln. N., Maple Grove, Hennepin County, Minnesota 55311 owned by Target Maple Grove, the sole member of which is the Borrower, (vi) 7007 139th Ln., Ramsey, Anoka County, Minnesota 55303 owned by Target Ramsey, the sole member of which is the Borrower, and (vii) 938 S. Robert St., West Saint Paul, Dakota County, Minnesota 55118 owned by Target West St. Paul, the sole member of which is the Borrower (collectively, the “Project”); (b) finance working capital costs directly related to the Project; (c) fund a debt service reserve fund; and (d) pay the costs of issuance of the Bonds;

WHEREAS, the Borrower and Target Properties of Brooklyn Park, LLC, a Minnesota limited liability company, Target Properties of Burnsville, LLC, a Minnesota limited liability company, Target Properties of Crystal, LLC, a Minnesota limited liability company, Target Properties of Lakeville, LLC, a Minnesota limited liability company, Target Properties of Maple Grove, LLC, a Minnesota limited liability company, Target Properties of Ramsey, LLC, a Minnesota limited liability company, and Target Properties of West St. Paul, LLC, a Minnesota limited liability company, (collectively, the “Obligated Group”) entered into a Master Trust Indenture dated as of May 1, 2026 with the Trustee,

as master trustee (as supplemented, the “MTI”), pursuant to which the Obligated Group issued its (i) KingsPath Target Housing of Minnesota Series 2026A-1 Note in the principal amount of \$94,375,000 (the “Series 2026A-1 Note”), (ii) KingsPath Target Housing of Minnesota Series 2026A-2 Note in the principal amount of \$1,910,000 (the “Series 2026A-2 Note”) and (iii) its KingsPath Target Housing of Minnesota Series 2026B Note in the principal amount of \$3,750,000 (the “Series 2026B Note” and, together with the Series 2026A-1 Note and the Series 2026A-2 Note, the “MTI Notes”);

WHEREAS, in connection with the issuance of the Bonds and the MTI Notes, the Issuer, the Borrower and the Obligated Group, together with certain other parties have executed the various documents referred to in the Senior Indenture, the Senior Loan Agreement, the Sub Indenture, the Sub Loan Agreement, and the MTI, all dated as of May 1, 2026 (collectively, the “Financing Documents”); and

WHEREAS, pursuant to that certain Assignment and Assumption of Membership Interest (the “Assignment”), to be execute after the date hereof, and that certain Membership Substitution Agreement, dated May 1, 2026 (the “Substitution Agreement”), KingsPath Senior Ministries Inc., a Minnesota nonprofit corporation (the “Original Sole Member”) has agreed to sell, assign, and transfer all of its right, title, and interest in and to, and Rightpath Senior Care and Community Services Corporation, a Minnesota nonprofit corporation (the “Assuming Sole Member”) has agreed to accept, beneficially and of record, 100% of the issued and outstanding membership interests (including all voting, consent, and economic rights associated with such membership interests, the “Membership Interest”) in the Borrower;

WHEREAS, the transfer of the Membership Interest to the Assuming Sole Member and the assignment of the interests of the Original Sole Member in the Financing Documents to the Assuming Sole Member, and the assumption of the obligations of the Original Sole Member under the Financing Documents by the Assuming Sole Member, is permitted so long as it complies with the conditions set forth in Section 5.02 of the MTI; and

WHEREAS, certain amendments to the Financing Documents are necessary as a result of the Assignment, all as more fully set forth in that certain Amendment to Certain Financing Documents to be executed after the date hereof by the Assuming Sole Member, the Borrower, the Issuer, and the Trustee (the “Amendment”).

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

Section 1. The Issuer finds that the transfer of the Membership Interest to the Assuming Sole Member is consistent with the Financing Documents and hereby approves the Amendment in substantially the form presented to the Issuer, together with any related documents necessary in connection therewith, including but not limited to any documents, exhibits, certifications or consents referenced in or attached to the Amendment (collectively, the “Amendment Documents”) and hereby authorizes the Vice Chair and Secretary to execute the same on behalf of the Issuer.

Section 2. The approval hereby given to the Amendment Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by bond counsel and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Issuer. The execution of any instrument by the appropriate officers of the Issuer herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Issuer as, in the opinion of Issuer's counsel, may act in their behalf.

Adopted: October 8, 2026

MINNESOTA HEALTH AND
EDUCATION FACILITIES AUTHORITY

By _____
Its Vice Chair

By _____
Its Secretary



October 8, 2026

Minnesota Health and Education Facilities Authority
c/o Ms. Bonnie Anderson Rons, Board Chair and Mr. Barry W. Fick, Executive Director
860 Blue Gentian Road, Suite 145
Eagan, MN 55121

**RE: Minnesota Health and Education Facilities Authority
\$370,000,000*
Assisted Living Revenue Bonds
(ISF Minnesota Portfolio), Series 2026A and Series 2026B (Subordinate)**

Dear Ms. Anderson Rons, Mr. Fick, and Members of the Authority Board:

Kensington CA, LLC D/B/A JLL Global Derivatives (“JLLD”) as the independent registered municipal advisor (“IRMA”) to the Minnesota Health and Education Facilities Authority (the “Authority”), has prepared this Project Overview and Preliminary Financing Plan Summary for the proposed issuance of the above captioned Series 2026 Revenue Bonds (the “Series 2026 Bonds”) on behalf of ISF Minnesota Holdings, LLC, a Minnesota non-profit Limited Liability Company (the “Borrower” or “Obligated Group Representative”), its Sole Member, Integrated Senior Foundation, Inc., a California non-profit public benefit corporation (the “Foundation”). Specific details and material information regarding the proposed issuance of Series 2026 Bonds and supporting recommendations are provided for the Board’s review and consideration in Section I through V below and Exhibits A through C, attached hereto.

I. PROJECT OVERVIEW

The Project (defined further herein) consists of the acquisition by the Borrower of 12 assisted living communities (the “Portfolio Properties”) located throughout the state of Minnesota. The Portfolio Properties aggregate in total approximately 880 units providing for a full continuum of care with average occupancy of approximately 95.00% as of July 2026. The Portfolio Properties are part of the sale by Life Spark Holding, Inc. (and its investor partners) of a total of 25 assisted living communities located in Minnesota and Wisconsin. The Borrower is converting the Portfolio Properties from for-profit ownership to a non-profit ownership structure, subject to compliance with state of Minnesota and federal non-profit regulations and requirements governing senior assisted living communities.

PORTFOLIO SUMMARY									
Property	City	State	Yr. Built	IL Units	AL Units	MC Units	Total Units	Occ. %	Purchase Price
Boden Apple Valley	Apple Valley	MN	2022	1	39	24	64	98.40%	\$26,250,000
Carver Ridge	Carver	MN	2019	8	41	21	70	94.30%	\$33,064,500
Cedar Creek	East Bethel	MN	2020	0	49	21	70	94.30%	\$31,174,500
Fremont Village	Zimmerman	MN	2022	10	41	14	65	96.90%	\$22,575,000
Harrison Bay	Mound	MN	2018	6	46	20	72	95.80%	\$24,244,500
Heritage Pointe	Marshall	MN	2013	4	34	20	58	96.60%	\$16,464,000
Legacy of Delano	Delano	MN	2009	4	31	16	51	92.30%	\$12,327,000
Legacy of Farmington	Farmington	MN	2017	6	43	21	70	98.60%	\$35,175,000
Minnehaha	Minneapolis	MN	2012	1	62	14	77	94.80%	\$19,950,000
Urbana Place	Brooklyn Park	MN	2019	5	70	28	103	86.40%	\$37,275,000
Yorkshire of Edina	Edina	MN	2016	6	60	30	96	99.00%	\$39,900,000
All Saints	Shakopee	MN	2014	6	50	28	84	96.40%	\$38,251,500
Total/Averages			2017	57	566	257	880	95.32%	\$336,651,000

*Requested not-to-exceed authorized par amount



II. FINANCING PARTICIPANTS

Issuer	Minnesota Health and Education Facilities Authority
Issuer’s Counsel	Taft Stettinius & Hollister LLP
Borrower	ISF Minnesota Holdings, LLC
Borrower’s Counsel	Kutak Rock LLP
Borrower’s Real Estate Advisor	JLL Capital Markets
Bond Counsel	Kutak Rock LLP
Placement Agent	Barclays Capital Inc.
Placement Agent Counsel	McDermott Will & Schulte
Initial Bond Purchaser	Barclays Bank PLC and Other Institutional Purchasers
Financial Advisor	Kensington CA, LLC D/B/A JLL Global Derivatives
Bond Trustee	UMB Bank, N.A.
Bond Trustee Counsel	Naman Howell
Feasibility Consultant	Clifton, Larsen, Allen LLP
Title Company	Chicago Title

III. BACKGROUND AND PRELIMINARY PLAN OF FINANCE SUMMARY

This Preliminary Financing Plan Summary (the “Summary”) represents JLLD’s independent review of the financing structure and is based upon current discussions with the Borrower, Issuer, Real Estate Advisor and Placement Agent. The Borrower has filed with the Issuer an application requesting the issuance of bonds under provisions of Minnesota Statutes, Chapter 15D, as amended (collectively the “Act”) for the purposes of:

- (i) financing the costs of acquiring, improving, renovating, equipping, and furnishing, as applicable, certain assisted living facilities located in the State of Minnesota (collectively, the “Project”),
- (ii) (ii) funding working capital, and
- (iii) (iii) paying certain costs of issuing the Bonds.

In said application the Borrower has requested that the Issuer issue revenue bonds under the Act in an aggregate principal amount not to exceed \$370,000,000. As of the even date of this summary, the Borrower anticipates issuing two (2) Series of Bonds, Series 2026A (senior lien) in the approximate amount of \$311,250,000 and Series 2026B (subordinate lien) in the approximate amount of \$46,445,000. The subordinate lien bonds will be credited to the Seller as part of the purchase price consideration for acquisition of the Portfolio Properties; however, no cash will be exchange between the Issuer and Seller for the subordinate bonds (i.e. carryback financing). Interest due, but not otherwise paid current on the subordinate bonds will be added to the principal balance of outstanding Series 2026 Bonds (i.e. PIK Interest) and paid from free cashflow on subsequent interest payment dates (or such other time as provided for in the Bond Indenture), and in no instance shall an event of default result from any subordinate interest accruals. For initial 2-year period interest due on the subordinate bonds shall accrue without payment (i.e. standstill) to the Bondholders. All Principal and interest, including any accruals on the Subordinate Bonds, is anticipated to be paid in full prior to, or at the Stated Maturity Date. Subject to market conditions, the Series 2026 Bonds will be structured applying the following assumptions.



BACKGROUND AND PRELIMINARY PLAN OF FINANCE SUMMARY (continued)

Not-to-Exceed Par Amount	\$370,000,000
Estimated Par Amount	\$311,250,000 (Senior) \$ 46,445,000 (Subordinate) \$357,695,000 (Aggregate)
Tax-Status	Federal (exempt) State (exempt)
Expected Pricing Date	On, or about October 22, 2026
Issuance Date (Closing and Funding)	On, or about November 4, 2026
Financing Type	Acquisition. For-profit to non-profit ownership conversion.
Working Capital	65 Days Cash on Hand. Estimated \$9,826,216. Increases to 90 days on 12/31/2029
Interest Payment Dates	Monthly, in arrears 1 st business day (Senior Bonds) Semi-Annual, June 1 and December 1 (Subordinate Bonds)
Principal Payment Date	Interest only (No Principal repayment during initial 2-year term)
Initial Mandatory Tender Date	December 1, 2028
Stated Final Maturity	December 1, 2061 (35 years)
Prior MHEFA Bonds Outstanding	None
Rating	Unrated
Method of Offering	Private Placement
Re-Sale Restrictions	Qualified Institutional Investors, Accredited Investors Only. Subordinate Bond Investors may not re-sell bonds during initial 2-year financing term.
Investor Letter	Yes, initial investor letter. No traveling investor letter.
Denominations	\$100,000 and \$5,000 integral multiples thereof
Debt Service Reserve Account	The Bond Trustee shall establish and maintain a separate account to be known as the Reserve Fund initially funded in the amount of \$0.00.
Particular Covenants	<i>See Section 6.01</i> of Bond Indenture, incorporated herein by reference.
Continuing Disclosure	The Borrower has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the Holders of the Bonds or any other Person with respect to S.E.C. Rule 15c2 12.
Credit Enhancement	No credit enhancement will be provided for the Series 2026 Bonds. The Bonds will be marketed based on the Borrower's underlying credit strength and rating.
Pledge and Assignment	Issuer hereby pledges and assigns to the Bond Trustee all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Bond Indenture (except the Rebate Fund and the Bond Purchase Fund) to secure, First , the payment of the principal, Redemption Price and Purchase Price of and interest on the Senior Bonds in accordance with their terms and the provisions of this Bond Indenture,



BACKGROUND AND PRELIMINARY FINANCE SUMMARY (continued)

Pledge and Assignment	Second , the payment of Reimbursement Obligations related to the Senior Bonds and the performance and observance of the obligations of the Borrower under any Credit Facility or Liquidity Facility securing the Senior Bonds,
Pledge and Assignment	Third , the payment of the principal, Redemption Price and Purchase Price of and interest on the Series 2026B Bonds in accordance with their terms and the provisions of this Bond Indenture, and
Pledge and Assignment	Fourth , the payment of Reimbursement Obligations related to the Series 2026B Bonds and the performance and observance of the obligations of the Borrower under any Credit Facility or Liquidity Facility securing the Series 2026B Bonds. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Bond Trustee of the Bonds, without any physical delivery thereof or further act.
Additional Collateral	Assignment of Leases and Rents, Mortgage, Security Agreement and Fixture Filing on all Portfolio Properties.

IV. SOURCES & USES OF FUNDS

	Senior Bonds (Series A)	Subordinate Bonds (Series B)	Issue Summary
Sources Of Funds			
Par Amount of Senior Tax-Exempt Bonds (A)	\$311,250,000.00		\$311,250,000.00
Par Amount Subordinate Tax-Exempt Bonds (B)		\$46,445,000.00	\$46,445,000.00
Borrower Contribution (Non-Bond Proceeds)	\$1,045,000.00		\$1,045,000.00
Total Sources	\$312,295,000.00	\$46,445,000.00	\$358,740,000.00
Uses Of Funds			
Estimated Costs of Issuance (2.00%)	7,154,100.00	-	7,154,100.00
Senior Bonds Deposit to Acquisition Fund	290,196,000.00	-	290,196,000.00
Subordinate Carry Back Credit to Purchase Price		46,445,000.00	46,445,000.00
Soft Costs (JLL Advisory/Third Parties)	3,700,350.00	-	3,700,350.00
Deposit to Working Capital Fund (65 Days)	9,826,216.00	-	9,826,216.00
Estimated Cap Premium (Senior Tax-Exempt Bonds)	1,045,000.00	-	1,045,000.00
Miscellaneous/Contingency	373,334.00	-	373,334.00
Total Uses	\$312,295,000.00	\$46,445,000.00	\$358,740,000.00

V. CONCLUSION

Upon completion of review of the (i) preliminary plan of finance, (ii) pro-forma debt service, (iii) historical and pro-forma operating figures and (iv) financing documents, JLLD believes the proposed financing structure (2-year initial mandatory tender, subject to long-term remarketing/refinancing) is reasonable and not inconsistent with financing plans for similar project finance offerings. Further nothing has come to our attention that would cause JLLD to believe the Project cannot be supported applying the stated assumptions



in Section III above and related covenants in the financing documents; however, we give no guarantee or warranty, express or implied, as to the completeness, accuracy, or achievement of the plan of finance and related assumptions. Actual results may differ materially from initial projections. This document is for informational purposes only and the reader or client assumes full responsibility for any decisions made based on the analysis and information herein. Acknowledging the express limitations on warranty of plan of finance and subject to satisfaction of traditional conditions precedent to issuance of conduit revenue bonds by the Authority; we recommend that the Authority proceed with issuing the Series 2026 Bonds to finance the Project.

Respectfully submitted,

JLL Global Derivatives
October 8, 2026



EXHIBIT A**Aggregate Senior and Subordinate Pro-Forma Debt Service****Minnesota Higher Education and Health Financing Authority**

Assisted Living Subordinate Revenue Bonds

(ISF Trident Portfolio Acquisition)

Series 2026A Senior Debt Service

Senior Net Debt Service Schedule -- Accrual Basis

Calendar Year	Principal	Variable Rate Plus Credit Spread	Interest	Total P+I	Bond Balance
2026	-	5.750%	1,491,406.25	1,491,406.25	311,250,000.00
2027	-	5.750%	17,896,875.00	17,896,875.00	311,250,000.00
2028	Mandatory Tender	5.750%	17,896,875.00	17,896,875.00	311,250,000.00
-	\$311,250,000.00	-	\$37,285,156.25	\$37,285,156.25	

Minnesota Higher Education and Health Financing Authority

Assisted Living Subordinate Revenue Bonds

(ISF Trident Portfolio Acquisition)

Series 2026

Subordinate Net Debt Service Schedule -- Accrual Basis

Calendar Year	Principal	Fixed Coupon	Interest	PIK Accrual	Total P+I	Bond Balance
11/1/2026						46,455,000.00
2026	-	-	329,056.25	329,056.25	-	46,784,056.25
2027	-	-	3,976,644.78	3,976,644.78	-	50,760,701.03
2028	-	-	4,314,659.59	4,314,659.59	-	55,075,360.62
2029	-	-	4,681,405.65		4,681,405.65	55,075,360.62
2030	-	-	4,681,405.65		4,681,405.65	55,075,360.62
2031	8,620,360.62	-	4,681,405.65		13,301,766.27	46,455,000.00
2032	375,000.00	8.500%	3,948,675.00		4,323,675.00	46,080,000.00
2033	405,000.00	8.500%	3,916,800.00		4,321,800.00	45,675,000.00
2034	440,000.00	8.500%	3,882,375.00		4,322,375.00	45,235,000.00
2035	480,000.00	8.500%	3,844,975.00		4,324,975.00	44,755,000.00
2036	520,000.00	8.500%	3,804,175.00		4,324,175.00	44,235,000.00
2037	565,000.00	8.500%	3,759,975.00		4,324,975.00	43,670,000.00
2038	610,000.00	8.500%	3,711,950.00		4,321,950.00	43,060,000.00
2039	660,000.00	8.500%	3,660,100.00		4,320,100.00	42,400,000.00
2040	720,000.00	8.500%	3,604,000.00		4,324,000.00	41,680,000.00
2041	780,000.00	8.500%	3,542,800.00		4,322,800.00	40,900,000.00
2042	845,000.00	8.500%	3,476,500.00		4,321,500.00	40,055,000.00
2043	920,000.00	8.500%	3,404,675.00		4,324,675.00	39,135,000.00
2044	995,000.00	8.500%	3,326,475.00		4,321,475.00	38,140,000.00
2045	1,080,000.00	8.500%	3,241,900.00		4,321,900.00	37,060,000.00
2046	1,170,000.00	8.500%	3,150,100.00		4,320,100.00	35,890,000.00
2047	1,270,000.00	8.500%	3,050,650.00		4,320,650.00	34,620,000.00
2048	1,380,000.00	8.500%	2,942,700.00		4,322,700.00	33,240,000.00
2049	1,495,000.00	8.500%	2,825,400.00		4,320,400.00	31,745,000.00
2050	1,625,000.00	8.500%	2,698,325.00		4,323,325.00	30,120,000.00
2051	1,760,000.00	8.500%	2,560,200.00		4,320,200.00	28,360,000.00
2052	1,910,000.00	8.500%	2,410,600.00		4,320,600.00	26,450,000.00
2053	2,075,000.00	8.500%	2,248,250.00		4,323,250.00	24,375,000.00
2054	2,250,000.00	8.500%	2,071,875.00		4,321,875.00	22,125,000.00
2055	2,440,000.00	8.500%	1,880,625.00		4,320,625.00	19,685,000.00
2056	2,650,000.00	8.500%	1,673,225.00		4,323,225.00	17,035,000.00
2057	2,875,000.00	8.500%	1,447,975.00		4,322,975.00	14,160,000.00
2058	3,120,000.00	8.500%	1,203,600.00		4,323,600.00	11,040,000.00
2059	3,385,000.00	8.500%	938,400.00		4,323,400.00	7,655,000.00
2060	3,670,000.00	8.500%	650,675.00		4,320,675.00	3,985,000.00
2061	3,985,000.00	8.500%	338,725.00		4,323,725.00	0.00
-	\$46,455,000.00	-	\$8,620,360.62	\$8,620,360.62	-	

EXHIBIT B**DRAFT** Historical and Pro-Forma Consolidated Project Financial Operations

Preliminary as of October 8, 2026, Subject to Change.

ISF TRIDENT OBLIGATED GROUP						
PROJECTED COMBINED SCHEDULE OF FINANCIAL RATIOS						
MANAGEMENT'S DRAFT DATED _____, 2026						
(IN THOUSANDS, EXCEPT FOR RATIOS)						
						STABLE
FOR THE YEARS ENDING DECEMBER 31:	2026	2027	2028	2029	2030	
DEBT SERVICE COVERAGE RATIO ⁽¹⁾						
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	\$ (835)	\$ (4,985)	\$ (3,346)	\$ (1,603)	\$ (318)	
NON-CASH ITEMS AND ADD-BACKS:						
Depreciation	1,592	9,559	9,582	9,622	9,653	
Interest	3,725	22,127	22,127	22,127	22,127	
INCOME AVAILABLE FOR DEBT SERVICE	\$ 4,482	\$ 26,701	\$ 28,363	\$ 30,146	\$ 31,462	
DEBT SERVICE REQUIREMENTS						
Series 2026A Bonds	1,491	17,897	17,897	17,897	17,897	
ANNUAL DEBT SERVICE	\$ 1,491	\$ 17,897	\$ 17,897	\$ 17,897	\$ 17,897	
DEBT SERVICE COVERAGE RATIO	3.01	1.49	1.58	1.68	1.76	
AS OF DECEMBER 31:	2026	2027	2028	2029	2030	
DAYS CASH ON HAND ⁽¹⁾						
CASH AND CASH EQUIVALENTS	\$ 1,474	\$ 9,279	\$ 9,657	\$ 9,959	\$ 10,272	
INVESTMENTS	7,785	3,017	8,432	15,662	24,504	
TOTAL CASH AND LIQUID INVESTMENTS	\$ 9,259	\$ 12,296	\$ 18,089	\$ 25,621	\$ 34,776	
TOTAL OPERATING EXPENSES	\$ 14,283	\$ 88,133	\$ 90,455	\$ 92,335	\$ 94,266	
ADJUSTMENTS:						
Depreciation	(1,592)	(9,559)	(9,582)	(9,622)	(9,653)	
Amortization of Debt Issuance Costs	(38)	(234)	(234)	(234)	(234)	
Amortization of Bond Premium/Discount	-	-	-	-	-	
ADJUSTED OPERATING EXPENSES	\$ 12,653	\$ 78,340	\$ 80,639	\$ 82,479	\$ 84,379	
DIVIDED BY DAYS	61	365	366	365	365	
DAILY CASH OPERATING EXPENSES	\$ 207.43	\$ 214.63	\$ 220.33	\$ 225.97	\$ 231.18	
NUMBER OF DAYS OF CASH ON HAND	45	57	82	113	150	

EXHIBIT C
PRELIMINARY BOND COVENANTS

	ISF Minnesota Series 2026		
	MTI	Supplemental Indenture Number 1	Notes
Liquidity Covenant	65 days, tested semi-annually Steps up to 90 days on 12/31/2029 < requirement → officer's certificate < requirement for two consecutive semi-annual periods → consultant call-in No EOD	-	- Kingspath and Connexion: 30 DCOH; stepping up to 60 DCOH - ASHP: 60 DCOH; stepping up to 75 DCOH - Sunrise & Mirisol: 60 DCOH; stepping up to 75 DCOH; further stepping up to 90 DCOH - ISF Magnolia: 75 DCOH; stepping up to 90 DCOH
Liquidity Covenant First Test Date	6/30/2027	-	- First test date for portfolio acquisitions is normally 6-months post-closing
Debt Service Coverage Ratio (DSCR) Covenant	1.10x, tested annually Steps up to 1.20x on 12/31/2029 Calculated quarterly for informational purposes < requirement → consultant call in EOD if: <1.00x and DCOH <90 days (currently 60 days); or <1.00x for two consecutive FYs.	-	- Sunrise , Mirisol, ISF Magnolia starts at 1.10x, stepping up to 1.20x - Connexion stays at 1.10x, but on a MADS basis - ASHP and Kingspath start, and stay, at 1.20x EOD trigger that tests for DCOH: - Mirisol and ISF Magnolia: DSCR < 1.10x and DCOH < 125 - Connexion: DSCR < 1.10x and DCOH < 90 - Sunrise: DSCR < 1.00x and DCOH < 90
DSCR (ADS vs. MADS)	Actual Debt Service	-	- Sunrise , Mirisol, ISF, and ASHP use ADS; Connexion and Kingspath use MADS
DSCR First Test Date	12/31/2027	-	- First test date for portfolio acquisitions is normally ~12-months post-closing
Repayment of Subordinate Master Obligations	<u>Regularly Scheduled:</u> - No deficiency in DSRF or bond fund - Pro forma DCOH > Liquidity Requirement for most recent fiscal quarter - Pro forma DSCR > DSCR Requirement for most recent fiscal quarter <u>Non-Regularly Scheduled:</u> - All provisions apply from 'Regularly Scheduled' section - Pro forma DCOH > 120 days and pro forma DSCR > 1.40x for most recent fiscal quarter - Steps down to DCOH > 90 and pro forma DSCR > 1.30x for most recent fiscal quarter on 1/1/2029	<u>Regularly Scheduled:</u> - <u>Non-Regularly Scheduled:</u> - All provisions apply from 'regularly scheduled' section - Pro forma DCOH > 120 days and pro forma DSCR > 1.40x for most recent fiscal quarter - Steps down to DCOH > 90 and pro forma DSCR > 1.30x for most recent fiscal quarter on 1/1/2029	<u>Regularly Scheduled:</u> - Mirisol > 60 days (no DSCR test); Kingspath > 75 days (no DSCR test) - Sunrise > 90 days (no DSCR test); ISF PF DSCR and DCOH > Requirement <u>Non-Regularly Scheduled:</u> - Mirisol PF DCOH > 120 days or PF DCOH > Requirement and PF DSCR > 1.25x - Kingspath > 75 days (no DSCR test) - ISF Magonlia: PF DCOH > 150 days and PF DSCR > 1.20x or PF DCOH > 150 days and PF DSCR > 1.25x (including sub debt)
Repayment of Other Subordinate Debt	No deficiency in DSRF or bond fund; all P&I on senior debt has been paid in full and there is no EOD Pro forma DCOH > 200 days (currently 150 days) and pro forma DSCR > 1.30x for the most recent fiscal quarter; or Pro forma DCOH > 175 days (currently 130 days) and pro forma DSCR > 1.75x (currently 1.50x) for the most recent fiscal quarter	-	- AHSP: Secondary subordinate debt payments can be made if pro forma DOCH > 90 days and pro forma quarterly DSCR > 1.30x - Mirisol: PF DCOH > 200 and PF DSCR > 1.30x for the most recent fiscal quarter; or PF DCOH > 175 days and PF DSCR > 1.75x for the most recent fiscal quarter - ISF Magnolia: PF DCOH > 150 and PF DSCR > 1.30x (inclusive of sub debt) for the most recent fiscal quarter; or PF DCOH > 150 days and PF DSCR > 1.75x (inclusive of sub debt P&I) for the most recent fiscal quarter
Disposition of Cash	- If pro forma DCOH > 200 days (currently 120 days)	Purchaser's Consent	- Kingspath: PF DSCR > 1.20x and PF DCOH > 60 days - ISF Magnolia: > 150 days - Sunrise and Mirisol: > 200 days

FINANCING TERMS AND SERIES RESOLUTION

MINNESOTA HEALTH AND EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES 2026 (ISF MINNESOTA PORTFOLIO)

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

1. Pursuant to a resolution adopted on September 9, 2026 (the “Application Resolution”), the Authority (i) approved the Application of Integrated Senior Foundation, a California nonprofit public benefit corporation (the “Foundation”), as sole member of ISF Minnesota Holdings LLC, a Minnesota limited liability company (the “Obligated Group Representative”), as sole member of twelve Minnesota limited liability companies (the “Owners” and, with the Foundation and Obligated Group Representative, the “Obligated Group”), as the owners and operators of the twelve assisted living facilities located in twelve cities in Minnesota, to finance costs of such facilities more fully described in the Application Resolution, and conducted a public hearing in connection therewith in accordance with law, (ii) authorized the issuance and sale of Revenue Bonds (ISF Minnesota Portfolio) 2026 Senior Series A and Revenue Bonds (ISF Minnesota Portfolio) 2026 Subordinate Series B (collectively, the “Bonds”), (iii) approved the Project, as defined in the Application Resolution, and (iv) directed the preparation of documents. All provisions and findings of the Application Resolution are hereby ratified and confirmed except to the extent amended hereby and incorporated herein.

2. The Authority has received assurances that all conditions to be met by the Obligated Group as provided in the Application Resolution have been, or will be timely, met and complied with.

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

4. The Authority hereby ratifies and confirms all action heretofore taken with respect to the Application of the Obligated Group.

5. Kensington CA, LLC d/b/a/ JLL Global Derivatives, as municipal advisor to the Obligated Group, has reviewed the terms set forth in the Preliminary Financing Plan Summary, dated October 1, 2026 (the “Financing Plan”), recommending the issuance of the Bonds in the maximum aggregate principal amount of \$370,000,000 to provide financing for the Project, which terms are hereby approved.

6. The Application Resolution authorized the Bonds to be issued in the maximum aggregate principal amount of \$370,000,000. The Obligated Group has requested that the Bonds be issued as two series of bonds in an aggregate principal amount not to exceed \$370,000,000, the

interest on which will be excluded from gross income of the bondholders pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

7. The Executive Director, on behalf of the Authority, is authorized and directed to take all action necessary or desirable to negotiate the sale of the Bonds, provided that:

- (a) the aggregate principal amount of the Bonds shall not exceed \$370,000,000;
- (b) the true interest cost of the Bonds shall not exceed 10% per annum; and
- (c) the purchase price shall be not less than 98% of the principal amount of the Bonds plus accrued interest, if any (or in the alternative providing for placement agent compensation of not more than 2% of the principal amount of the Bonds plus accrued interest).

Upon the recommendation of the Authority’s issuer’s counsel, the Obligated Group’s bond counsel, and with the approval of the Obligated Group Representative, the Executive Director shall execute and deliver, on behalf of the Authority, the Placement Agent Agreements (one for each series of Bonds), the forms of which have been made available to the Authority. A schedule summarizing the maturities, interest rates, yields or issue prices and other terms and provisions of the Bonds, and the purchase price and other particulars relating to the placement of the Bonds with the initial purchasers, shall be made available to the Authority at the next regularly scheduled meeting of the Authority following the execution of the Placement Agent Agreements. The Authority hereby authorizes the issuance and delivery of the Bonds and no further approval by the Authority is required.

8. In addition to the Placement Agent Agreements, forms of the following documents relating to the Bonds have been made available to the Authority:

- (a) Loan Agreement (“Loan Agreement”) between the Authority and the Obligated Group Representative, expected to be dated as of November 1, 2026.
- (b) Bond Indenture (“Indenture”) between the Authority and UMB Bank, N.A., as bond trustee (the “Bond Trustee”), expected to be dated as of November 1, 2026.
- (c) Master Trust Indenture among the initial members of the Obligated Group and UMB Bank, N.A., as master trustee (the “Master Trustee”), expected to be dated as of November 1, 2026, as amended and supplemented by Supplemental Indenture Number 1 (collectively, the “Master Trust Indenture”)
- (d) Continuing Disclosure Certificate made by the Obligated Group Representative, expected to be dated as of November 1, 2026.

The Chair, the Secretary, and any officer authorized to act on behalf of the Chair or the Secretary, are each, acting individually, authorized to execute and deliver counterparts of the Loan Agreement and the Indenture, duly completed, for and in the name of the Authority, with all such changes and insertions therein as the officer executing the same shall approve, such approval to be evidenced conclusively by such officer’s signature.

9. The Bonds shall be in substantially the form set forth in the Indenture, and when printed in typeset or typewritten form shall be executed and delivered by the manual or facsimile signatures of the Chair or the Vice Chair and the Secretary or the Assistant Secretary of the Authority and submitted to the Bond Trustee for authentication, all as more fully provided in the Indenture.

10. The appointment of UMB Bank, N.A., as Bond Trustee under the Indenture is hereby approved, ratified, and confirmed.

11. The proceeds of the Bonds shall be deposited as follows (capitalized terms have the meanings given them in the Indenture):

- (a) Certain proceeds, as set forth in the Indenture, shall be deposited to the Costs of Issuance Fund, to be kept and maintained by the Bond Trustee under the Indenture.
- (b) Certain proceeds, as set forth in the Indenture, shall be deposited to the Project Fund, to be kept used and paid out by the Bond Trustee for payment of the costs of the Project in accordance with the Indenture and Loan Agreement.
- (c) Certain proceeds of the Bonds shall be transferred to the Master Trustee and shall be deposited to the Working Capital Fund under the Master Trust Indenture to be used and paid out by the Master Trustee for payment of working capital costs of the Obligated Group, in accordance with the Master Trust Indenture.
- (d) Certain proceeds of the Bonds may be deposited to a debt service reserve fund, if required.

12. As required by Minnesota Statutes, Sections 15D.01 through and including 15D.18, as amended (the “Act”), the officers of the Authority authorized to sign checks or otherwise handle funds of the Authority shall furnish a surety bond, executed by a surety company authorized to transact business in the State of Minnesota as surety and file the same in the office of the Secretary of State of Minnesota, subject to approval of the Attorney General, prior to delivery of the Bonds.

13. Pursuant to the recommendation of bond counsel, the Authority hereby finds and determines that a combination of mortgagee’s form or owner’s form of title insurance policy, or title insurance commitment, or owner and encumbrances reports, or title opinions, may be furnished by the Obligated Group as evidence of title to the sites of the Project Facilities and priority of liens.

14. The terms and provisions of the Placement Agent Agreements and the documents listed in paragraph 8 of this Resolution as to which the Authority is a party and the Application Resolution are all approved, ratified, and confirmed, except to the extent amended hereby. The officers of the Authority, the Obligated Group’s municipal advisor, bond counsel, and issuer’s counsel are hereby authorized and directed to execute and deliver all closing documents, including without limitation a tax certificate or tax regulatory agreement in connection with the requirements of the Code, and do every other thing necessary or convenient to carry out the terms and provisions of each such bond document to the end that the Bonds shall be delivered, secured, and serviced

and to carry out the purposes and provisions of the Act with respect thereto without further resolution or other action by this Authority.

[Signature page follows.]

Adopted: October 8, 2026.

MINNESOTA HEALTH AND EDUCATION
FACILITIES AUTHORITY

By: _____
Vice Chair

By _____
Secretary



**Minnesota Health and Education
Facilities Authority**

Communications Letter

June 30, 2026

Minnesota Health and Education Facilities Authority
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

To the Executive Director, Members and Management
Minnesota Health and Education Facilities Authority
Eagan, Minnesota

In planning and performing our audit of the basic financial statements of the Minnesota Health and Education Facilities Authority as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Authority's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated September 22, 2026, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for management, others within the Authority and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

We would like to express our appreciation for the cooperation extended to us during our audit by the employees of the Authority.

BerganKDV, Ltd.

Minneapolis, Minnesota
September 22, 2026

Minnesota Health and Education Facilities Authority
Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended June 30, 2026, the Authority had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Authority's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. Adequate segregation exists when the following components of a transaction are separated: authorization, custody of the related asset, recording and reconciliation. With a two person office, overlap occurs among the four components.

Management and the Members of the Authority are aware of this condition and have taken certain steps to compensate for the lack of segregation, including detailed activity review by the Executive Director and significant oversight by the Members of the Authority. However, due to the number of staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Because of this, management has determined a complete segregation of accounting duties is impractical to correct. However, management, along with the Members of the Authority, must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

**Minnesota Health and Education Facilities Authority
Required Communication**

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2026. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audited financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm and our network firms have complied with all relevant ethical requirements regarding independence.

Minnesota Health and Education Facilities Authority Required Communication

Significant Risks

We addressed the following significant inherent risks of material misstatement that were identified in our planning procedures:

- **Management Override of Controls - Overall Financial Statements** - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results. Misappropriation of assets and management override of controls through the journal entry process has been identified as a risk.
- **Improper Revenue Recognition** - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of operations.
- **Misappropriation of Assets** - If duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made from the Authority. Misappropriation of assets through credit card transactions has been identified as a risk.
- **Capital Assets Valuation** - Capital assets and related depreciation are material to the financial statements and involve significant estimates for useful lives of such assets.
- **Pension Valuation** - The net pension liability and deferred outflows/inflows of resources related to pensions are generally material to the financial statements and involve significant estimates.
- **Lease and Subscription Valuation** - Lease and subscription liabilities and right-to-use assets are material to the financial statements and involve significant estimates.

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the basic financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation and Amortization - The Authority is currently depreciating and amortizing its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Net Pension Liability and Deferred Outflows/Inflows of Resources Related to Pensions - These balances are based on an allocation by the pension plan using estimates based on contributions.

**Minnesota Health and Education Facilities Authority
Required Communication**

Qualitative Aspects of the Authority's Significant Accounting Practices (Continued)

Significant Accounting Estimates and Related Disclosures (Continued)

Lease and Subscription Liabilities and Right-to-Use Assets - These balances are based on estimates and judgments determined by the Authority related to the discount rate, terms and payments.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter, which could be significant to the Authority's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Minnesota Health and Education Facilities Authority Required Communication

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Authority and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditor.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Authority's annual reports, does not extend beyond the information identified in the audit report and we are not required to perform any procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Authority and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

Minnesota Health and Education Facilities Authority Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the Authority for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

Authority Operations

The revenues of the Authority consist principally of annual administrative fees paid by the participating institutions.

Annual administrative fee revenues amounted to \$597,190 for 2026, as compared to \$543,114 in 2025, an increase of \$54,076 or 10.0%. This fee revenue is charged based on outstanding debt at the anniversary date of issuance. For the year ended June 30, 2026, the Authority required participating institutions to pay 35% of the contractual administrative fees, which is the same percentage as the year ended June 30, 2025.

Authority operating expenses increased from 2025 to 2026 by \$84,437, or 14.9%. Payroll, payroll taxes and employee benefits increased \$25,024 or 7.1%, due to contractual pay increases as well as an increase in the Authority's proportionate share of the net pension liability. Legal, audit and consulting expenses decreased \$26,351 or 35.0%, primarily due to a decrease in legal fees since the expansion bill was approved June 2025 and took effect August 1, 2025. No legislative lobbying was necessary, so a lower rate was negotiated. Other general and administrative expenses increased \$67,808 due to an increase in staff and board travel expenses with more borrowers in 2026, additional website costs related to the Authority's name change, higher conference costs with the healthcare expansion and increased printing costs with the first year of a professionally prepared annual report.

Net nonoperating revenues/expenses, which are comprised of interest income, changes in fair value of investments and interest expense, decreased from 2025 to 2026 by \$27,973 primarily due to negative change in the fair market value of investments in 2026 compared to a positive change in 2025.

The Authority posted an operating loss of \$41,739 in 2026. After accounting for net nonoperating revenues of \$70,940, total net position increased by \$29,201. Operating results for the past five years are as follows:

For the Year Ended June 30,	2022	2023	2024	2025	2026
Operating revenues	\$ 484,264	\$ 476,407	\$ 562,502	\$ 544,114	\$ 604,489
Operating expenses	(420,698)	(493,007)	(493,874)	(561,791)	(646,228)
Operating income (loss)	63,566	(16,600)	68,628	(17,677)	(41,739)
Net nonoperating revenues (expenses)	(22,488)	48,602	96,511	98,913	70,940
Change in net position	41,078	32,002	165,139	81,236	29,201
Total net position, July 1	2,069,884	2,110,962	2,142,964	2,308,103	2,389,339
Total Net Position, June 30	\$ 2,110,962	\$ 2,142,964	\$ 2,308,103	\$ 2,389,339	\$ 2,418,540

Since the beginning of 2022, the Authority has seen its net position increase by \$348,656, or 16.8%.

Minnesota Health and Education Facilities Authority Financial Analysis

Conduit Debt

The Authority issues tax exempt instruments (bonds, notes or other obligations), which do not constitute a debt of the Authority. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together.

During the year ended June 30, 2026, the Authority issued three financings for higher education with a total principal amount of \$96,630,000 and one series made up of three subseries for healthcare with a total principal amount of \$120,035,000. This compares to zero financings issued in fiscal year 2025.

A five-year history of conduit debt financing activity is as follows:

Revenue Bonds and Other Debt Obligations	2022	2023	2024	2025	2026
Principal at July 1	\$ 989,114,593	\$ 1,089,175,606	\$ 1,071,544,606	\$ 1,266,863,316	\$ 1,228,768,248
Issued	145,923,000	18,373,000	266,120,000	-	216,665,000
Matured/refunded	(45,861,987)	(36,004,000)	(70,801,290)	(38,095,068)	(89,163,246)
Principal at June 30	\$ 1,089,175,606	\$ 1,071,544,606	\$ 1,266,863,316	\$ 1,228,768,248	\$ 1,356,270,002

As of August 1, 2025, the Authority is authorized to have a maximum of \$5 billion of outstanding debt. The aggregate principal amount used to fund education facilities may not exceed \$2,250,000,000 at any time and the aggregate principal amount used to fund health care facilities may not exceed \$2,750,000,000 at any time.

**Minnesota Health and Education
Facilities Authority**

Basic Financial Statements

June 30, 2026

**Minnesota Health and Education Facilities Authority
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Independent Auditor's Report

To the Executive Director, Members and Management
Minnesota Health and Education Facilities Authority
Eagan, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Minnesota Health and Education Facilities Authority (formerly the Minnesota Higher Education Facilities Authority) as of and for the year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Minnesota Health and Education Facilities Authority as of June 30, 2026, and the respective changes in financial position and its cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Health and Education Facilities Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The management of Minnesota Health and Education Facilities Authority is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2025, from which such partial information was derived.

We have previously audited the Authority's June 30, 2025, financial statements and our report, dated September 22, 2025, expressed an unmodified opinion on the financial statements of the Authority. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BerganKDV, Ltd.

Minneapolis, Minnesota
September 22, 2026

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Minnesota Health and Education Facilities Authority Management Discussion and Analysis

This discussion and analysis of the financial performance of the Minnesota Health and Education Facilities Authority (the Authority) is supplementary information provided to comply with Government Accounting Standards Board (GASB) rules. It introduces the basic financial statements and provides an analytical overview of the Authority's financial activities for the fiscal year ended June 30, 2026.

The Authority was created by the Minnesota legislature in 1971 to assist Minnesota nonprofit institutions of higher education with their capital financing needs. The Minnesota Legislature in 2025 expanded the Authority's issuance power to include assisting Minnesota nonprofit healthcare organizations with their capital financing needs. Effective August 1, 2025, the Authority's statutes were recodified as Minnesota Statute Sections 15D.01 to 15D.18.

The Authority consists of nine members appointed by the Governor and three ex-officio members: a representative of the Minnesota Office of Higher Education, a representative from a Minnesota nonprofit healthcare association (non-voting member) and the President of the Minnesota Private College Council (non-voting member).

The Authority employs two full-time staff. To maintain strong internal control procedures and policies, the staff segregate duties as much as possible to protect the financial integrity of all activities. Procedures and policies have been developed and documented to safeguard the Authority's assets. These procedures and policies are regularly reviewed and updated by staff and the Board.

The Authority is authorized to issue revenue bonds and notes whose aggregate outstanding principal amount at any time cannot exceed a statutory limit set by the legislature. As of August 1, 2025, the Authority may have outstanding principal up to \$5 billion, with \$2.25 billion dedicated to higher education and \$2.75 dedicated to healthcare. The Authority has had 261 issues (including refunded and retired issues) totaling over \$3.79 billion of which \$1,356,270,002 is outstanding as of June 30, 2026.

Bonds issued by the Authority are payable only from the loan repayments, rentals and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the full faith or credit, or moral obligation of the State of Minnesota. The operations of the Authority are financed solely with fees paid by the participating institutions and investment income. The Authority has no taxing power. The Authority receives no funding from the State of Minnesota. All operating and bond issuance costs are paid by the borrower institution.

Organizations eligible for assistance by the Authority are private nonprofit educational institutions authorized to provide a program of education beyond the high school level and nonprofit healthcare organizations. Public community and technical colleges in the State are also eligible for assistance, limited to financing of child-care and parking facilities. Pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college to finance student housing facilities.

The Authority may issue bonds for a wide range of projects, including, but not limited to, facilities for housing, academic, athletic and administrative purposes, parking, student centers, hospitals, clinics, senior living facilities and mental health facilities. The Authority is also authorized to issue revenue bonds to refund outstanding bonds of the Authority and any other outstanding debt.

Minnesota Health and Education Facilities Authority Management Discussion and Analysis

An annual conference on higher education finance issues has been offered for many years by the Authority. During fiscal year 2026, the conference was held in April and provided an opportunity for Authority borrowers, along with legal and finance professionals, to share information relevant to higher education and healthcare capital financing. A second, smaller roundtable-style conference was held during fiscal year 2026, allowing CFO staff from borrower schools to discuss Authority services, common issues between schools and to ask questions of the Authority or other borrowers.

The Authority regularly reviews its policies and procedures to effectively provide financing assistance to Minnesota's nonprofit colleges, universities and healthcare organizations. Through the Authority's coordination of efforts of the borrowers, Authority's staff, advisors, as well as other public finance professionals, tax-exempt financing continues to be a vital tool for higher education and healthcare. The Authority works with all these groups to continue providing affordable financing for organizations qualified to borrow through the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The three basic statements presented within the financial report are as follows:

- **Statements of Net Position** - This statement presents information reflecting the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. The statement of net position is categorized as to current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within one year of the statement date.
- **Statement of Revenues, Expenses and Changes in Net Position** - This statement reflects the operating revenues and expenses during the year. Operating revenue is from administrative fees charged to colleges and universities. The change in net position for an enterprise fund is similar to net profit or loss for any other business enterprise.
- **Statement of Cash Flows** - The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, capital and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

Minnesota Health and Education Facilities Authority
Management Discussion and Analysis

FINANCIAL SUMMARY

The following summarizes the financial position and results of operations of the Authority for the years ended June 30, 2026 and 2025.

	<u>2026</u>	<u>2025</u>
Assets		
Current assets	\$ 2,488,034	\$ 2,431,525
Noncurrent assets	<u>160,278</u>	<u>222,424</u>
Total assets	<u>2,648,312</u>	<u>2,653,949</u>
Deferred Outflows of Resources		
Pension related items	<u>45,403</u>	<u>54,813</u>
Liabilities		
Current liabilities	85,894	84,877
Long term liabilities	<u>124,856</u>	<u>161,395</u>
Total liabilities	<u>210,750</u>	<u>246,272</u>
Deferred Inflows of Resources		
Pension related items	<u>64,425</u>	<u>73,151</u>
Net Position		
Net investment in capital assets	25,265	35,642
Unrestricted	<u>2,393,275</u>	<u>2,353,697</u>
Total net position	<u><u>\$ 2,418,540</u></u>	<u><u>\$ 2,389,339</u></u>

**Minnesota Health and Education Facilities Authority
Management Discussion and Analysis**

FINANCIAL SUMMARY (CONTINUED)

	2026	2025
Operating Revenues	\$ 604,489	\$ 544,114
Operating Expenses	(646,228)	(561,791)
Operating Income (Loss)	(41,739)	(17,677)
Nonoperating Revenues (Expenses)		
Interest income	91,491	95,070
Net change in fair value of investments	(11,588)	9,420
Interest expense	(8,963)	(5,577)
Total nonoperating revenues (expenses)	70,940	98,913
Change in Net Position	29,201	81,236
Net Position		
Beginning of year	2,389,339	2,308,103
End of year	\$ 2,418,540	\$ 2,389,339

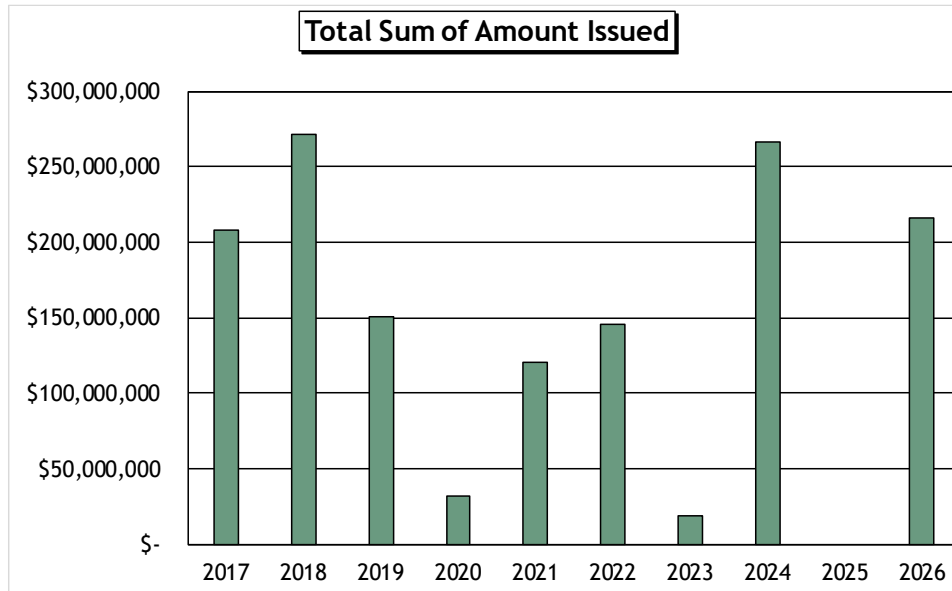
In fiscal year 2026, the Authority issued three financings for higher education with a total principal amount of \$96,630,000 and one series made up of three subseries for healthcare with a total principal amount of \$120,035,000. This compares to zero financings in fiscal year 2025.

In total, the Authority issued \$216,665,000 in bonds and notes in fiscal year 2026. This is the third largest issuance year for the Authority in the past ten years.

Fiscal Year	Sum of Amount Issued
2017	\$ 208,408,000
2018	271,673,000
2019	151,060,000
2020	31,995,000
2021	120,235,000
2022	145,923,000
2023	18,373,000
2024	266,120,000
2025	-
2026	216,665,000
Grand Total	\$ 1,430,452,000

**Minnesota Health and Education Facilities Authority
Management Discussion and Analysis**

FINANCIAL SUMMARY (CONTINUED)



The Authority's fee revenue depends on the amount of principal outstanding during the fiscal year. Since financings are based on borrower need and activity, the amount of newly issued bonds and notes each fiscal year by the Authority can vary greatly. During fiscal year 2026, principal payments on existing bonds and notes from borrowers and the issuance of \$216,665,000 in new or refunding bonds and notes led to an overall increase in fee revenue of just over 10%. The Authority's fee revenue is budgeted to break even during the fiscal year using principal balances outstanding and information available regarding upcoming new financing needs by borrowers. Once a bond or note is issued on behalf of the borrower, the Authority charges the annual fee until the bonds are paid off or refinanced.

CAPITAL ASSETS

Net capital assets decreased by \$62,146 due to a combination of several fully depreciated asset disposals and accumulated depreciation/amortization. (See table below.) Detailed information on capital assets can be found in Note 3 to the Basic Financial Statements. Total depreciation and amortization expense for 2026 was \$62,146.

	2026	2025	Percentage Change
Capital assets	\$ 346,227	\$ 349,780	-1.02%
Less accumulated depreciation	(49,407)	(45,557)	8.45%
Less accumulated amortization	(140,542)	(85,799)	63.80%
Total capital assets	\$ 156,278	\$ 218,424	-28.45%

**Minnesota Health and Education Facilities Authority
Management Discussion and Analysis**

LONG-TERM DEBT

Debt issued on behalf of borrowers is not an obligation of the Authority or the State of Minnesota. Debt payments and principal outstanding are tracked and verified through confirmations done annually.

The Authority has a lease liability for office space, a subscription liability for debt management software and a compensated absences liability for its two staff members. More detailed information on long-term debt can be found in Note 4 to the Basic Financial Statements.

	2026	2025	Percentage Change
Lease liability	\$ 101,479	\$ 126,702	-19.91%
Subscription liability	29,534	56,080	-47.34%
Compensated absences	32,852	28,406	15.65%
 Total long term debt	 \$ 163,865	 \$ 211,188	 -22.41%

FACTORS EXPECTED TO AFFECT FUTURE FINANCIAL POSITION AND OPERATION

The Authority has two revenue sources: the administrative fee charged to borrowers and interest earnings generated on its accumulated operating reserve. The administrative fee is based on the outstanding principal amount of each series of bonds at the time of billing. The administrative fee is billed to each borrower on the anniversary of the bond closing. The Authority estimates annual operating cost and recommends that the Board set the administrative fee to generate sufficient revenue to cover operating costs, maintain sufficient accumulated operating reserves to offset risk and maintain a stable discount rate for its borrowers.

Beginning in fiscal year 1997, the Authority's annual administrative fee has been reduced and is less than the allowable maximum of 0.125%. In fiscal year 2026, the Authority reduced the maximum allowable annual administrative fee to all borrowers by 65%. The maximum allowable fee for fiscal year 2027 will again be reduced by 65%. The Authority has successfully maintained a 65% fee reduction each year since fiscal year 2017. Although future reductions in the maximum allowable fee are not guaranteed, the Authority is committed to providing its services at an affordable level to its borrowers.

The amount of interest earnings generated on accumulated operating reserves varies year-to-year depending on the level of reserves and market interest rates. The Authority does not rely on interest earnings to generate a material amount of income to support operations. Operating reserves are designated to offset identified risk factors and are kept to a level that does not exceed a reasonably required reserve.

**Minnesota Health and Education Facilities Authority
Management Discussion and Analysis**

REQUESTS FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact:

Minnesota Health and Education Facilities Authority
860 Blue Gentian Road, Suite 145
Eagan, MN 55121
Phone: 651-296-4690
Email: info@mnhefa.org
Website: www.mnhefa.org

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BASIC FINANCIAL STATEMENTS

Minnesota Health and Education Facilities Authority
Statement of Net Position
June 30, 2026
(with Partial Comparative Information as of June 30, 2025)

	2026	2025
Assets		
Current assets		
Cash and cash equivalents	\$ 361,461	\$ 491,767
Investments	2,092,705	1,904,293
Accounts receivable	12,275	12,705
Interest receivable	15,225	19,607
Prepaid items	6,368	3,153
Total current assets	2,488,034	2,431,525
Noncurrent assets		
Security deposit receivable	4,000	4,000
Equipment	74,306	77,859
Less accumulated depreciation	(49,407)	(45,557)
Leased building	180,841	180,841
Subscription asset	91,080	91,080
Less accumulated amortization	(140,542)	(85,799)
Total noncurrent assets	160,278	222,424
Total assets	2,648,312	2,653,949
Deferred Outflows of Resources		
Pension related items	45,403	54,813
Total assets and deferred outflows of resources	<u>\$ 2,693,715</u>	<u>\$ 2,708,762</u>
Liabilities		
Current liabilities		
Accrued expenses	\$ 29,189	\$ 33,108
Lease liability	27,171	25,223
Subscription liability	29,534	26,546
Total current liabilities	85,894	84,877
Noncurrent liabilities		
Lease liability	74,308	101,479
Subscription liability	-	29,534
Compensated absences payable	32,852	28,406
Net pension liability	17,696	1,976
Total noncurrent liabilities	124,856	161,395
Total liabilities	210,750	246,272
Deferred Inflows of Resources		
Pension related items	64,425	73,151
Net Position		
Net investment in capital assets	25,265	35,642
Unrestricted	2,393,275	2,353,697
Total net position	2,418,540	2,389,339
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,693,715</u>	<u>\$ 2,708,762</u>

See notes to basic financial statements.

Minnesota Health and Education Facilities Authority
Statement of Revenues, Expenses and
Change in Net Position
Year Ended June 30, 2026
(with Partial Comparative Information for the Year Ended June 30, 2025)

	2026	2025
Operating Revenues		
Annual administrative fees	\$ 597,190	\$ 543,114
Other income	7,299	1,000
Total operating revenues	<u>604,489</u>	<u>544,114</u>
Operating Expenses		
Payroll, payroll taxes and employee benefits	378,873	353,849
Legal, audit and consulting expense	48,895	75,246
Rent	20,422	20,177
Depreciation and amortization	62,146	44,435
Communications	42,257	9,365
Travel	22,170	15,559
Other general and administrative expenses	71,465	43,160
Total operating expenses	<u>646,228</u>	<u>561,791</u>
Operating loss	(41,739)	(17,677)
Nonoperating Revenues (Expenses)		
Interest income	91,491	95,070
Change in fair value of investments	(11,588)	9,420
Interest expense	<u>(8,963)</u>	<u>(5,577)</u>
Total nonoperating revenues (expenses)	<u>70,940</u>	<u>98,913</u>
Change in net position	29,201	81,236
Net Position		
Beginning of year	<u>2,389,339</u>	<u>2,308,103</u>
End of year	<u>\$ 2,418,540</u>	<u>\$ 2,389,339</u>

Minnesota Health and Education Facilities Authority
Statement of Cash Flows
Year Ended June 30, 2026
(with Partial Comparative Information for the Year Ended June 30, 2025)

	2026	2025
Cash Flows - Operating Activities		
Cash received from annual administrative and other fees	\$ 604,919	\$ 583,240
Cash payments to employees	(360,170)	(360,170)
Cash payments to suppliers for goods and services	(210,196)	(158,806)
Net cash flows - operating activities	<u>34,553</u>	<u>64,264</u>
Cash Flows - Capital and Related Financing Activities		
Lease and subscription liability principal payments	(51,769)	(58,351)
Interest paid on leases	(8,963)	(5,577)
Purchase of capital assets	-	(3,115)
Net cash flows - capital and related financial activities	<u>(60,732)</u>	<u>(67,043)</u>
Cash Flows - Investing Activities		
Interest received	95,873	103,442
Investment purchases	(200,000)	(100,000)
Net cash flows - investing activities	<u>(104,127)</u>	<u>3,442</u>
Net change in cash and cash equivalents	(130,306)	663
Cash and Cash Equivalents		
Beginning of year	491,767	491,104
End of year	<u>\$ 361,461</u>	<u>\$ 491,767</u>
Reconciliation of Operating Loss to		
Net Cash Flows - Operating Activities		
Operating loss	\$ (41,739)	\$ (17,677)
Adjustments to reconcile operating loss		
to net cash flows - operating activities		
Depreciation and amortization expense	62,146	44,435
Accounts receivable	430	39,126
Prepaid items	(3,215)	(1,836)
Accounts payable	(3,919)	(8,527)
Deferred outflows, inflows, and		
liability related to pension activity	16,404	10,180
Compensated absences payable	4,446	(1,437)
Total adjustments	<u>76,292</u>	<u>81,941</u>
Net cash flows - operating activities	<u>\$ 34,553</u>	<u>\$ 64,264</u>
Noncash Activities		
Acquisition of subscription assets through liability issuance	\$ -	\$ 91,080
Net change in fair value of investments	(11,588)	9,420
Total noncash activities	<u>\$ (11,588)</u>	<u>\$ 100,500</u>

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority is a state agency created to assist nonprofit institutions of higher education and health care in financing the construction of facilities. The Authority finances projects through the issuance of bonds; the principal and interest of which are paid by the lease/loan payments collected from the higher education and health care institutions. For the year-ended June 30, 2026, the Authority was authorized to have a maximum of \$5 billion of revenue bonds outstanding. The aggregate principal amount used to fund education facilities may not exceed \$2,250,000,000 at any time and the aggregate principal amount used to fund health care facilities may not exceed \$2,750,000,000 at any time. Bonds issued by the Authority are payable only from specified revenues and collateral and do not constitute a debt of the State of Minnesota.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority utilizes the accrual basis of accounting and is reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Authority consist principally of annual administrative fees paid by the participating institutions. While the annual administrative fee rate for new bond issues has changed periodically, the fee rate remains constant for the life of the bonds, with the exception of fee reductions for operating reserve stabilization purposes. The fees for bonds outstanding as of June 30, 2026, are 0.125% of the outstanding balance of the bonds. In an effort to stabilize its unrestricted net position balance, the Authority periodically evaluates the administrative fees charged to participating institutions. For the year ended June 30, 2026, the Authority required participating institutions to pay 35% of the contractual administrative fees.

C. Cash and Investments

Cash and investment balances are invested to the extent available in various securities as authorized by state law. Securities in which the Authority may invest include government bonds, notes, bills, mortgages and other securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities or organizations created by an act of Congress.

Subject to applicable law, the Authority may also invest in general obligation (G.O.) or revenue bonds of any state or any political subdivision provided the G.O. bonds are rated AA or better for states and AAA or better for political subdivisions and revenue bonds are rated AAA or better for both. Time deposits are allowed, provided they are fully insured by Federal Deposit Insurance Corporation (FDIC) insurance. In some cases, investment agreements with corporations rated AA by Standard & Poor's (S&P) or AA by Moody's are allowed as well as repurchase agreements fully collateralized by U.S. government securities. Commercial paper maturing in 270 days or less and rated within the top two categories without gradation by either S&P's or Moody's is also allowed.

The Authority's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Investments (Continued)

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as an expense at the time of consumption.

E. Capital Assets

Capital assets, which include office furniture and equipment, are stated at historical cost and depreciated on the straight-line method over the estimated useful lives of the assets, generally three years for software and computer or electronic equipment and ten years for furniture. The Authority's threshold for capitalization of assets is \$2,000 and an expected useful life of more than three years.

F. Conduit Debt

The Authority issues tax exempt instruments (bonds, notes or other obligations), which do not constitute a debt of the Authority. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together. The Authority has elected to exclude these obligations and the related assets held by trustees, from the basic financial statements.

G. Compensated Absences

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The Authority compensates all employees upon termination of employment for unused vacation up to a maximum of 275 hours. As of June 30, 2026, the Authority recorded a liability for all unused vacation up to this limit. Authority employees accrue sick leave at the rate of four hours for each ten-day pay period of full-time service. Employees are compensated for unused sick leave upon termination of employment only if they meet the requirements of the plan under which they are employed. Employees working under the managerial plan who meet the requirements of the plan shall be paid a sum equal to the regular rate of pay at the time of separation multiplied by 35% of the accumulated but unused sick leave. Unused sick leave is not included in the compensated absences liability as it is assumed that employees will use the most recently earned time first.

H. Lease Liability and Right-to-Use Lease Asset

The right-to-use lease asset is amortized on a straight-line basis over the life of the related lease. The discount rate used to calculate the present value of the lease payments should be the Federal Home Loan Bank of Des Moines Fixed Rate Advances 5-year rate, rounded to the nearest 1% at the commencement of the lease.

**Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Lease Liability and Right-to-Use Lease Asset (Continued)

The lease term includes the noncancellable period of the lease. The Authority's threshold for capitalization of right-to-use lease assets is \$10,000.

I. Subscription Liability and Right-to-Use Subscription Asset

The right-to-use subscription asset is amortized on a straight-line basis over the life of the related subscription arrangement. The discount rate used to calculate the present value of the lease payments should be the Federal Home Loan Bank of Des Moines Fixed Rate Advances 5-year rate, rounded to the nearest 1% at the commencement of the lease. The lease term includes the noncancellable period of the subscription arrangement. The Authority's threshold for capitalization of right-to-use subscription assets is \$10,000.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority has one item that qualifies for reporting in this category: deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item which qualifies for reporting in this category: deferred inflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and additions to/deductions from MSRS's fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the basic financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any obligations used to build or acquire the capital assets.

M. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the Authority's financial position and operations. This data has been restated where necessary for comparable classifications.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

Deposits are maintained at depository banks authorized by the Authority.

Custodial Credit Risk - Deposits: As of June 30, 2026, the Authority's bank balance of \$170,988 was not exposed to custodial credit risk because it was insured through FDIC insurance.

As of June 30, 2026, the Authority's carrying value of deposits was as follows:

Deposits	\$ 170,578
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Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a deposit policy that requires the Authority's deposits be collateralized in an amount equal to 110% of an amount exceeding FDIC coverage.

B. Investments

As of June 30, 2026, the Authority had the following investments:

Investment	Maturities	Amount	S & P Rating
Flagstar Bank Certificate of Deposit	07/24/26	\$ 100,040	N/A
Blue Ridge Bank Certificate of Deposit	10/20/26	100,034	N/A
Minnwest Bank Certificate of Deposit	12/28/26	200,050	N/A
BMW Bank North America Certificate of Deposit	04/19/27	149,676	N/A
Sallie Mae Bank, UT Certificate of Deposit	07/26/27	100,374	N/A
Merrick Bank Certificate of Deposit	08/11/27	224,042	N/A
BMW Bank North America Certificate of Deposit	10/18/27	99,511	N/A
Goldman Sachs Bank Certificate of Deposit	02/18/28	223,580	N/A
Morgan Stanley Bank Certificate of Deposit	03/13/28	199,614	N/A
Texas Exchange Bank Certificate of Deposit	05/04/28	199,771	N/A
UBS Bank Certificate of Deposit	07/24/28	100,131	N/A
Morgan Stanley Bank Certificate of Deposit	11/20/28	197,505	N/A
Texas Exchange Bank Certificate of Deposit	03/29/29	198,377	N/A
Wells Fargo Money Market	N/A	190,883	AAAm
Total investments		\$ 2,283,588	

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority's policy states the Authority should consider the credit quality in the selection of individual securities of any single issuer in excess of 5% of the Authority's total investments. As of June 30, 2026, investments with eight separate issuers exceeded the 5% threshold.

Custodial Credit Risk - Investments: This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not address custodial credit risk for investments other than to follow the overall framework provided by *Minnesota Statutes*. Investments of the Authority are not registered in the Authority's name. The securities are held in bank safekeeping in third party depositories under the bank's name and ownership. Pursuant to federal banking laws and regulations, the bank's customer accounts are segregated from and not considered part of the bank's assets. Thus, the account ownership of assets in bank safekeeping accounts remain vested in the customers and are protected from claims of creditors of the bank.

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The Authority's investment policy states the Authority's investments should be made with consideration for cash flow requirements, taking into account budgeted expenditures.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The Authority's investment policy requires their investments to be rated in the top two categories by S&P or Moody's.

The Authority has the following recurring fair value measurements as of June 30, 2026:

Type of Investments	Total	Level 1	Level 2	Level 3
Money market	\$ 190,883	\$ 190,883	\$ -	\$ -
Certificates of deposit	2,092,705	-	2,092,705	-
Total	<u>\$ 2,283,588</u>	<u>\$ 190,883</u>	<u>\$ 2,092,705</u>	<u>\$ -</u>

Deposits and investments are presented in the June 30, 2026, basic financial statements as follows:

Cash and cash equivalents	\$ 361,461
Investments	<u>2,092,705</u>
Total deposits and investments	<u>\$ 2,454,166</u>

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Office furniture and equipment	\$ 77,859	\$ -	\$ 3,553	\$ 74,306
Leased building	180,841	-	-	180,841
Subscription asset	91,080	-	-	91,080
Less accumulated depreciation	(45,557)	(7,403)	(3,553)	(49,407)
Less accumulated amortization	(85,799)	(54,743)	-	(140,542)
	<u>\$ 218,424</u>	<u>\$ (62,146)</u>	<u>\$ -</u>	<u>\$ 156,278</u>
Total capital assets	<u>\$ 218,424</u>	<u>\$ (62,146)</u>	<u>\$ -</u>	<u>\$ 156,278</u>

NOTE 4 - LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The Authority has a lease liability related to office space through November 2029 with monthly rent increasing each year through the end of the lease term. The lease liability relates to a right-to-use building asset. The Authority has a subscription liability related to debt management software through February 2028 with annual payments due in February. The subscription liability relates to a right-to-use subscription asset.

B. Minimum Debt Payments for Lease Liability

Minimum annual principal and interest payments required to retire the lease liability:

Year Ended June 30,	Lease Liability		
	Principal	Interest	Total
2027	\$ 27,171	\$ 3,565	\$ 30,736
2028	29,199	2,441	31,640
2029	31,310	1,234	32,544
2030	13,799	138	13,937
	<u>\$ 101,479</u>	<u>\$ 7,378</u>	<u>\$ 108,857</u>
Total	<u>\$ 101,479</u>	<u>\$ 7,378</u>	<u>\$ 108,857</u>

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments for Lease Liability (Continued)

Year Ended June 30,	Subscription Liability		
	Principal	Interest	Total
2027	\$ 29,534	\$ 2,293	\$ 31,827

C. Changes in Long-Term Liabilities

Changes in long-term liability activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Lease liability	\$ 126,702	\$ -	\$ 25,223	\$ 101,479	\$ 27,171
Subscription liability	56,080	-	26,546	29,534	29,534
Compensated absences	28,406	40,984	36,538	32,852	-
Total long-term liabilities	\$ 211,188	\$ 40,984	\$ 88,307	\$ 163,865	\$ 56,705

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 5 - CONDUIT DEBT

As of June 30, 2026, there were 49 conduit bond issues and leases outstanding with an aggregate principal balance outstanding of \$1,356,270,002 as follows:

College/University	Final Maturity	Indebtedness	
		Issued	Outstanding
Series Five-Q, Macalester College			
Variable Rate Demand Revenue Bonds, February 2003	2033	\$ 15,300,000	\$ 15,300,000
Series Seven-R, College of St. Scholastica			
Revenue Bonds, October 2012	2032	9,380,000	4,030,000
Series Seven-U, University of St. Thomas			
Revenue Bonds, March 2013	2027	25,685,000	2,265,000
Series Seven-W, Gustavus Adolphus College			
Revenue Bonds, July 2013	2034	11,410,000	6,120,000
Series Eight-H, St. John's University			
Revenue Bonds, August 2015	2026	13,815,000	485,000
Series Eight-I, St. John's University			
Revenue Bonds, December 2015	2035	18,275,000	10,900,000
Series Eight-K, College of St. Benedict			
Revenue Bonds, April 2016	2043	34,360,000	27,020,000
Series Eight-L, University of St. Thomas			
Revenue Bonds, March 2016	2039	55,355,000	35,405,000
Series Eight-N, St. Olaf College			
Revenue Bonds, September 2016	2035	22,845,000	20,375,000
Series 2016A, Augsburg College			
Revenue Bonds, December 2016	2046	32,240,000	31,115,000
Series 2016B, Augsburg College			
Revenue Bonds, December 2016	2046	13,680,000	9,805,000
Series 2017, Carleton College			
Revenue Bonds, May 2017	2047	124,900,000	85,480,000
Series 2017, Bethel University			
Revenue and Refunding Bonds, July 2017	2047	44,565,000	44,565,000
Series 2017, Gustavus Adolphus College			
Revenue Bonds, September 2017	2047	52,515,000	47,540,000
Series 2017, St. John's University			
Revenue and Refunding Bonds, September 2017	2033	7,595,000	4,400,000
Series 2017, Macalester College			
Revenue and Refunding Bonds, November 2017	2048	40,315,000	25,325,000
Series 2017B, Hamline University			
Revenue and Refunding Bonds, December 2017	2047	34,650,000	28,060,000

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 5 - CONDUIT DEBT (CONTINUED)

College/University	Final Maturity	Indebtedness	
		Issued	Outstanding
Series 2017A, University of St. Thomas Revenue Bonds, December 2017	2037	\$ 60,750,000	\$ 46,285,000
Series 2017, College of St. Benedict Revenue and Refunding Bonds, December 2017	2036	8,605,000	4,530,000
Series 2018, Minneapolis College of Art and Design Revenue Note, May 2018	2028	3,643,000	2,339,707
Series 2018A, St. Catherine University Revenue and Refunding Bonds, September 2018	2045	49,770,000	47,115,000
Series 2018B, St. Catherine University Taxable Revenue Refunding Bonds, September 2018	2050	20,765,000	20,765,000
Series 2019, University of St. Thomas Revenue Bonds, May 2019	2044	80,525,000	73,380,000
Series 2019, College of St. Scholastica Revenue Refunding Bonds, September 2019	2040	29,075,000	24,085,000
Series 2020A, University of St. Thomas Revenue Refunding Note, October 2020	2032	9,610,000	5,705,000
Series 2020B, University of St. Thomas Revenue Note, October 2020	2030	9,135,000	4,765,000
Series 2021, St. Olaf College Revenue Bonds, March 2021	2050	57,335,000	57,335,000
Series 2021, Macalester College Revenue Refunding Bonds, April 2021	2043	12,870,000	10,760,000
Series 2021, St. John's University Revenue Bonds, September 2021	2041	21,560,000	18,935,000
Series 2021, Hamline University Revenue Refunding Note, June 2021	2032	9,725,000	5,560,000
Series 2022, Minneapolis College of Art and Design Revenue Note, March 2022	2032	1,500,000	855,547
Series 2022A, Mitchell Hamline School of Law Revenue Note, March 2022	2038	12,425,000	10,070,000
Series 2022B, Mitchell Hamline School of Law Revenue Note, March 2022	2034	998,000	719,000
Series 2022A, University of St. Thomas Revenue Refunding Bonds, May 2022	2053	60,720,000	59,680,000

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 5 - CONDUIT DEBT (CONTINUED)

College/University	Final Maturity	Indebtedness	
		Issued	Outstanding
Series 2022B, University of St. Thomas Revenue Refunding Bonds, May 2022	2053	\$ 70,280,000	\$ 69,080,000
Series 2023A, Minneapolis College of Art and Design Revenue Note, June 2023	2043	13,120,000	12,878,156
Series 2023B, Minneapolis College of Art and Design Revenue Note, June 2023	2043	5,253,000	5,138,259
Series 2023, St. Catherine University Revenue Bonds, July 2023	2053	21,235,000	21,235,000
Series 2023, Carleton College Revenue Bonds, September 2023	2053	60,495,000	60,495,000
Series 2024, St. Olaf College Revenue Note, March 2024	2055	25,000,000	24,596,000
Series 2024A, University of St. Thomas Revenue Bonds, March 2024	2054	94,440,000	94,440,000
Series 2024B, University of St. Thomas Revenue Bonds, March 2024	2030	50,000,000	50,000,000
Series 2024C, University of St. Thomas Revenue Bonds, March 2024	2036	14,950,000	14,950,000
Series 2025, St. Olaf College Refunding Revenue Bonds, September 2025	2033	29,230,000	25,790,000
Series 2025, Concordia University, St. Paul Revenue Bonds, December 2025	2037	10,100,000	9,258,333
Series 2026, Macalester College Revenue and Refunding Bonds, June 2026	2066	57,300,000	57,300,000
Series 2026A-1, Target Holdings of Minnesota Senior Living Revenue Bonds, May 2026	2062	94,375,000	94,375,000
Series 2026A-2, Target Holdings of Minnesota Senior Living Revenue Bonds, May 2026	2032	1,910,000	1,910,000
Series 2026B, Target Holdings of Minnesota Senior Living Revenue Bonds, May 2026	2062	23,750,000	23,750,000
Total		<u>\$ 1,577,334,000</u>	<u>\$ 1,356,270,002</u>

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 5 - CONDUIT DEBT (CONTINUED)

A summary of changes in conduit debt outstanding for the year ended June 30, 2026, is presented below.

Conduit debt - July 1, 2025	\$ 1,228,768,248
Additions	
Revenue bonds issued	216,665,000
Reductions	
Principal retirements	(39,033,246)
Refunding of principal	(50,130,000)
Conduit debt - June 30, 2026	<u>\$ 1,356,270,002</u>

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the Authority purchases commercial insurance through the State of Minnesota Department of Administration Risk Management Division.

During the year ended June 30, 2026, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Authority's commercial coverage in any of the past three years.

NOTE 7 - STATE EMPLOYEES RETIREMENT FUND

A. Plan Description

The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS) and is established and administered in accordance with *Minnesota Statutes* Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), which is a multiple-employer, cost-sharing defined benefit plan and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation and the State Fire Marshal's Office are eligible to be members of those plans, but all state of Minnesota employees who are not members of another plan are covered by the General Plan.

B. Benefits Provided

MSRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0% each year. When the fund reaches a 90% funded status for two consecutive years, annuitants will receive a 2.5% increase.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 7 - STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

B. Benefits Provided (Continued)

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2% of the high-five average salary for each of the first ten years of covered service, then 1.7% (1.90% for service earned after July 1, 2025) for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7% (1.90% for service earned after July 1, 2025) for all years of covered service, with full benefits at normal retirement age.

C. Contributions

Minnesota Statute Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members were required to contribute 6.0% of their annual covered salary in fiscal year 2026, while participating employers were required to contribute 6.25% of covered salary in fiscal year 2026. The Authority's contribution to the General Plan for the fiscal year ending June 30, 2026, was \$16,282. These contributions were equal to the contractually required contributions as set by state statute.

D. Actuarial Assumptions

The Authority's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% Per year
Active member payroll growth	3.00% Per year
Investment rate of return	7.00% Per year

Salary increases were based on a service-related table. Mortality rates were based on Pub-2010 mortality tables using projection scale MP-2021, with adjustments to match fund experience.

Actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for state employees covering fiscal years 2018-2022.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 7 - STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

D. Actuarial Assumptions (Continued)

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return (expected rates, net of inflation) were developed for each major asset class. These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

The following changes were made in actuarial assumptions and plan provisions.

- The combined service annuity load was changed from 4% to 9% for vested terminated members and from 5% to 51% for non-vested terminated members.
- The post-retirement benefit increase changed from 1.50% to 1.75% effective January 1, 2026.
- The benefit multiplier changed from 1.70% to 1.90% for service earned after July 1, 2025.

E. Discount Rate

A Single Discount Rate used to measure the total pension liability as of June 30, 2025, was 7.00%. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 5.20%. The projection of cash flows used to determine this Single Discount Rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members through fiscal year 2125. As a result, the discount rate is the long-term expected rate of return on pension plan investments which, was applied to all periods of projected benefit payments to determine the total pension liability.

F. Net Pension Liability

As of June 30, 2026, the Authority reported a liability of \$17,696 for its proportionate share of MSRS net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's contributions received by MSRS during the measurement period July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of MSRS's participating employers. As of the plan's year-end of June 30, 2025, the Authority's proportionate share was 0.00724% at the end of the measurement period and 0.00763% for the beginning of the period.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 7 - STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

G. Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate disclosed in Note 7.E., as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Authority's proportionate share of the net pension liability (asset)	\$ 163,070	\$ 17,696	\$ (102,314)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Annual Comprehensive Financial Report, available on the MSRS website at www.msrs.state.mn.us.

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2026, the Authority recognized pension expense of \$34,068. As of June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,734	\$ 76
Changes of assumptions	2,786	21,446
Net difference between projected and actual earnings on investments	-	42,860
Changes in proportion	341	43
Contributions paid to MSRS subsequent to the measurement date	16,542	-
Total	<u>\$ 45,403</u>	<u>\$ 64,425</u>

The \$16,542 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

Minnesota Health and Education Facilities Authority
Notes to Basic Financial Statements

NOTE 7 - STATE EMPLOYEES RETIREMENT FUND (CONTINUED)

**J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2027	\$ (903)
2028	(19,703)
2029	(11,866)
2030	(3,092)
Total	<u>\$ (35,564)</u>

NOTE 8 - SUBSEQUENT EVENTS

On August 13, 2026, Bethel University issued \$25,000,000 of revenue bonds to refurbish three existing residence halls.

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REQUIRED SUPPLEMENTARY INFORMATION

Minnesota Health and Education Facilities Authority
Schedule of Authority's Share of Net Pension Liability
State Employees Retirement Fund
Last Ten Years

For Plan's Year Ended June 30,	Authority's Proportion of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered- Employee Payroll	Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.00724%	\$ 17,696	\$ 254,960	6.94%	98.42%
2024	0.00763%	1,976	239,680	0.82%	99.82%
2023	0.00333%	24,746	94,176	26.28%	94.54%
2022	0.00337%	42,840	87,088	45.49%	90.60%
2021	0.00335%	2,117	84,256	2.43%	99.53%
2020	0.00317%	31,991	78,944	37.97%	91.25%
2019	0.00320%	34,126	75,030	43.23%	90.73%
2018	0.00319%	33,308	71,200	44.39%	90.56%
2017	0.00350%	192,979	78,927	271.04%	62.73%
2016	0.00480%	440,386	97,600	557.96%	47.51%

Schedule of Authority's Contributions
State Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2026	\$ 16,282	\$ 16,282	\$ -	\$ 260,512	6.250%
2025	15,935	15,935	-	254,960	6.250%
2024	14,980	14,980	-	239,680	6.250%
2023	5,886	5,886	-	94,176	6.250%
2022	5,443	5,443	-	87,088	6.250%
2021	5,266	5,266	-	84,256	6.250%
2020	4,934	4,934	-	78,944	6.250%
2019	4,408	4,408	-	75,030	5.875%
2018	3,916	3,916	-	71,200	5.500%
2017	4,341	4,341	-	78,927	5.500%

See notes to required supplementary information.

**Minnesota Health and Education Facilities Authority
Notes to the Required Supplementary Information**

State Employees Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Changes in Actuarial Assumptions

- The combined service annuity load was changed from 4% to 9% for vested terminated members, and from 5% to 51% for non-vested terminated members.

Changes to Plan Provisions

- The post-retirement benefit increase changed from 1.50% to 1.75% effective January 1, 2026.
- The benefit multiplier changed from 1.70% to 1.90% for service earned after July 1, 2025.

Fiscal Year 2024 Changes Since the Fiscal Year 2023 Actuarial Valuation

Changes in Actuarial Assumptions

- The adjustments applied to the mortality table rates were modified slightly, and the mortality improvement scale was updated from MP-2019 to MP-2021.
- Assumed rates of salary increases were modified, resulting in a decrease in gross salary increase rates.
- Assumed rates of retirement were changed, resulting in slightly higher unreduced (Normal) retirement rates, slightly lower Rule of 90 rates, slightly higher early retirement rates for Tier 1 members and slightly lower early retirement rates for Tier 2 members.
- Assumed rates of withdrawal were changed as recommended, reflecting more assumed terminations for males and fewer terminations for females.
- Assumed rates of disability were lowered.
- Assumed percent married for retirees was changed from 80 to 75 percent for males and from 60 to 65 percent for females.
- Minor changes to form of payment assumptions and missing participant data assumptions were made.

Changes to Plan Provisions

- The actuarial equivalent factors were updated to reflect changes in assumptions.

Fiscal Year 2023 Changes Since the Fiscal Year 2022 Actuarial Valuation

Changes in Actuarial Assumptions

- The long-term rate of return assumption increased from 6.75% to 7.00%.
- The single discount rate increased from 6.75% to 7.00%.

Changes to Plan Provisions

- The member contribution rate was changed from 6.00% to 5.50% for pay for two years, effective July 1, 2023.
- A one-time direct state aid contribution of \$76.4 million was contributed to the Plan on October 1, 2023.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A 1.00% one-time, non-compounding benefit increase was paid in a lump sum by March 31, 2024.
- The vesting period for members hired after June 30, 2010, was changed from five years to three years.

Fiscal Year 2022 Changes Since the Fiscal Year 2021 Actuarial Valuation

Changes in Actuarial Assumptions

- The investment return and single discount rates increased from 6.5% to 6.75%.

Changes to Plan Provisions

- No changes

**Minnesota Health and Education Facilities Authority
Notes to the Required Supplementary Information**

State Employees Retirement Fund (Continued)

Fiscal Year 2021 Changes Since the Fiscal Year 2020 Actuarial Valuation

Changes in Actuarial Assumptions

- The investment return and single discount rates decreased from 7.5% to 6.5%.

Changes to Plan Provisions

- No changes

Fiscal Year 2020 Changes Since the Fiscal Year 2019 Actuarial Valuation

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed, resulting in proposed rates that average 0.25% less than the previous rates.
- Assumed rates of retirement were changed, resulting in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements.
- Assumed rates of termination were changed, resulting in new rates which are generally lower than the previous rates for years 1-5 and slightly higher thereafter.
- Assumed rates of disability were changed, resulting in fewer predicted disability retirements.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65% to 60%.
- The assumed age difference was changed from three years younger for males to 2 years younger.
- The assumed number of married male new retirees electing the 50% and 100% Joint and Survivor options changed from 15% to 10% to 65%, respectively. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 30% to 40%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes to Plan Provisions

- No changes

Fiscal Year 2019 Changes Since the Fiscal Year 2018 Actuarial Valuation

Changes in Actuarial Assumptions

- No changes

Changes to Plan Provisions

- No changes

Fiscal Year 2018 Changes Since the Fiscal Year 2017 Actuarial Valuation

Changes in Actuarial Assumptions

- The single discount rate changed from 5.42% to 7.50%.

Changes to Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

**Minnesota Health and Education Facilities Authority
Notes to the Required Supplementary Information**

State Employees Retirement Fund (Continued)

Fiscal Year 2018 Changes Since the Fiscal Year 2017 Actuarial Valuation (Continued)

Changes to Plan Provisions (Continued)

- Member contributions increased from 5.50% to 5.75% of pay, effective July 1, 2018 and 6.00% of pay effective July 1, 2019.
- Employer contributions increased from 5.50% to 5.875% of pay, effective July 1, 2018 and 6.25% of pay effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0% for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 2.0% to 2.5% per year increase based upon funded ratio, to a fixed rate of 1.0% for five years beginning January 1, 2019, and 1.5% per year thereafter.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

Fiscal Year 2017 Changes Since the Fiscal Year 2016 Actuarial Valuation

Changes in Actuarial Assumptions:

- The Combined Service Annuity loads were changed from 1.2% for active members and 40.0% for deferred members, to 0.0% for active members, 4.0% for vested deferred members and 5.0% for non-vested deferred members.
- The single discount rate changed from 4.17% to 5.42%.

Changes to Plan Provisions:

- Actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

Fiscal Year 2016 Changes Since the Fiscal Year 2015 Actuarial Valuation

Changes in Actuarial Assumptions

- Assumed salary increase rates were changed to rates that average 0.2% greater than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer unreduced retirements and fewer Rule of 90 retirements. Distinct rates for reduced (early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989.
- Assumed rates of termination were changed, with new rates generally greater than the previous rates for years 3 through 9 and less than the previous rates after 15 years.
- Assumed rates of disability for females were reduced to 75.0% of previous rates. Rates for male members were lowered by utilizing the same disability rates as for females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2014), white collar adjustments, with age adjustments. The mortality improvement scale was changed from Scale AA to Scale MP-2015. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table (no projection for future mortality improvement) to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015), with age adjustments.

**Minnesota Health and Education Facilities Authority
Notes to the Required Supplementary Information**

State Employees Retirement Fund (Continued)

Fiscal Year 2016 Changes Since the Fiscal Year 2015 Actuarial Valuation (Continued)

Changes in Actuarial Assumptions (Continued)

- The percent married assumption was change from 85% of active male members and 70% of female members to 80% of active male members and 65% of active female members.
- The assumed number of married male new retirees electing the 75% Joint & Survivor option changed from 10% to 15%. The assumed number of married female new retirees electing the 75% and 100% Joint & Survivor options changed from 0% to 10% and from 25% to 30%, respectively. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.
- The assumed post-retirement benefit increase rate was changed from 2.0% per year through 2043 and 2.5% per year thereafter, to 2.0% per year for all future years.
- The long-term expected rate of return on pension plan investments was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 4.17%.
- The inflation assumption was changed from 2.75% to 2.50%.
- The payroll growth assumption was changed from 3.50% to 3.25%.

Minnesota Health and Education Facilities Authority
Schedule of Revenues, Expenses, and
Changes in Net Position by Function
Year Ended June 30, 2026

	Health Care	Education	Total
Operating Revenues			
Annual administrative fees	\$ 39,940	\$ 557,250	\$ 597,190
Other income	1,230	6,069	7,299
Total operating revenues	<u>41,170</u>	<u>563,319</u>	<u>604,489</u>
Operating Expenses			
Payroll, payroll taxes, and employee benefits	37,887	340,986	378,873
Legal, audit and consulting expense	14,520	34,375	48,895
Rent	1,624	18,798	20,422
Depreciation and amortization	5,474	56,672	62,146
Communications	29,370	12,887	42,257
Travel	3,856	18,314	22,170
Other general and administrative expenses	9,823	61,642	71,465
Total operating expenses	<u>102,554</u>	<u>543,674</u>	<u>646,228</u>
Operating income (loss)	(61,384)	19,645	(41,739)
Nonoperating Revenues (Expenses)			
Interest income	-	91,491	91,491
Change in fair value of investments	-	(11,588)	(11,588)
Interest expense	(896)	(8,067)	(8,963)
Total nonoperating revenues (expenses)	<u>(896)</u>	<u>71,836</u>	<u>70,940</u>
Change in net position	(62,280)	91,481	29,201
Net Position			
Beginning of year	<u>(238,000)</u>	<u>2,627,339</u>	<u>2,389,339</u>
End of year	<u>\$ (300,280)</u>	<u>\$ 2,718,820</u>	<u>\$ 2,418,540</u>

105 Policy on Private Placement Financing

Policy Review Schedule: <i>Annual</i>
Created: May 20, 2009
Most Recent Policy Review: October 158, 20265

The Authority will entertain proposals to finance projects by means of a direct or private placement of debt obligations where that option is deemed to be more cost-effective than a public offering of bonds. Eligible projects include any project within the Authority's legislative authorization. The program is expected to be cost-effective based on prevailing investor interest, applicable covenants, and market conditions. This policy supersedes the 105 Policy Statement on Small Project Private Placement Financing originally approved on May 20, 2009, as Resolution No. 1 90 2 and revised by Resolution 5 02 4 The Policy is being updated to better reflect current industry practices.

The following general guidelines shall apply to financings under this program:

1. The debt obligation will be in the form of a revenue note or notes issues and sold in a private placement to a financial institution or qualified institutional buyer (including an individual who has the knowledge and means to be an "accredited investor") as an exempt transaction under the Minnesota Securities Act, Section 80A.46(13) and regulations. A private placement of notes or interests therein to accredited investors or qualified institutional buyers is permitted in denominations of \$100,000 or more. Upon request from the institution, lower denominations will be considered, but no lower than \$25,000.
2. The revenue note will be secured by the general obligation of the borrowing institution ("Borrower") and, unless required by the purchaser of the note, no security interest in or mortgage lien on facilities is expected to be granted by the ~~institution~~ Borrower to secure the note. A Negative Pledge may be used if agreed to by the bBorrower. Unless required by the purchaser of the note, no debt service reserve or credit enhancement is expected to be pledged to the note. Standard provisions will be included in the loan documents, including representations and covenants relating to insurance and tax covenants.
3. No official statement or private placement memorandum or limited offering memorandum will be required ~~issued or approved~~ by the Authority for a direct bank placement. A private placement memorandum (PPM) or limited offering memorandum (LOM) may be issued and approved by the Authority for financings marketed to a limited number of investors or subject to SEC Rule 144A. The borrowing institution may prepare a private placement or limited offering memorandum or other disclosure materials. The purchaser will be required to furnish an investment letter acknowledging receipt of information necessary for an investment decision and representing that the purchaser has purchased the note for ~~investment and investment~~ without a view to distribution thereof.
4. No rating of the private placement or limited offering financing or revenue note is required.

5. The Authority will assign its interest in the loan agreement (except for its rights to fees, reimbursement and indemnity) to the trustee, or the purchasers ~~of~~from the placement agent on its behalf, who shall be responsible for administration of loan repayments and covenants and for keeping the bond registry. No trustee will be appointed by the Authority for a direct placement with a financial institution or bank.
6. Bond ~~counsel~~Counsel for the Authority will prepare and make available standard financing documents, including the loan agreement, revenue note, assignment, and note purchase agreement. Any variations will be subject to the approval of the Authority. The form of application and the review and public hearing process are to be the same as for a standard bond financing. Upon submission of the application, the Authority's ~~bond~~Bond counsel shall report on the eligibility of the Institution, the project, and other legal matters. The Authority or the Authority's ~~financial~~municipal advisor or the borrower's independent municipal advisor shall provide a financial report and a plan of finance to the effect that:
 - A. The proposed financing appears to be feasible within the available resources of the institution.
 - B. The proposed finance does not appear to violate existing covenants of prior debt financings of the institution.
 - C. The proposed interest rates for the financial are not unreasonable, taking into account the current bond market and the private placement nature of the transaction.
7. The institution shall be responsible for payment of all fees, including fees of the placement agent, the institution's attorney, the Authority, and the Authority's financial advisor and bond counsel. Legal fees of attorneys representing the purchaser or the placement agent, if any, shall be paid by the institution, the purchaser or the placement agent, as they may agree. The Authority's fee will be consistent with the fee applicable to all Authority bonds, subject to any fee reductions approved by the Authority from time to time. The fee of the Authority's bond counsel shall be as established by the Attorney General from time to time. The fee of the Authority's financial advisor shall be established in the general agreement between the Authority and its financial advisor.

10-2022-01 Resolution Delegating Powers and Authority Relating to Private Placement Issues:



(2022) 10-2022-01
Resolution Delegati

105 Policy on Private Placement Financing

Policy Review Schedule: <i>Annual</i>
Created: May 20, 2009
Most Recent Policy Review: October 8, 2026

The Authority will entertain proposals to finance projects by means of a direct or private placement of debt obligations where that option is deemed to be more cost-effective than a public offering of bonds. Eligible projects include any project within the Authority's legislative authorization. The program is expected to be cost-effective based on prevailing investor interest, applicable covenants, and market conditions.

The following general guidelines shall apply to financings under this program:

1. The debt obligation will be in the form of a revenue note or notes issues and sold in a private placement to a financial institution or qualified institutional buyer (including an individual who has the knowledge and means to be an "accredited investor") as an exempt transaction under the Minnesota Securities Act, Section 80A.46(13) and regulations. A private placement of notes or interests therein to accredited investors or qualified institutional buyers is permitted in denominations of \$100,000 or more. Upon request from the institution, lower denominations will be considered, but no lower than \$25,000.
2. The revenue note will be secured by the general obligation of the borrowing institution ("Borrower") and, unless required by the purchaser of the note, no security interest in or mortgage lien on facilities is expected to be granted by the Borrower to secure the note. A Negative Pledge may be used if agreed to by the Borrower. Unless required by the purchaser of the note, no debt service reserve or credit enhancement is expected to be pledged to the note. Standard provisions will be included in the loan documents, including representations and covenants relating to insurance and tax covenants.
3. No official statement or private placement memorandum or limited offering memorandum will be required by the Authority for a direct bank placement. A private placement memorandum (PPM) or limited offering memorandum (LOM) may be issued and approved by the Authority for financings marketed to a limited number of investors or subject to SEC Rule 144A. The borrowing institution may prepare a private placement or limited offering memorandum or other disclosure materials. The purchaser will be required to furnish an investment letter acknowledging receipt of information necessary for an investment decision and representing that the purchaser has purchased the note for investment without a view to distribution thereof.
4. No rating of the private placement or limited offering financing or revenue note is required.
5. The Authority will assign its interest in the loan agreement (except for its rights to fees, reimbursement and indemnity) to the trustee, or the purchasers from the placement agent on its behalf, who shall be

responsible for administration of loan repayments and covenants and for keeping the bond registry. No trustee will be appointed by the Authority for a direct placement with a financial institution or bank.

6. Bond Counsel for the Authority will prepare and make available standard financing documents, including the loan agreement, revenue note, assignment, and note purchase agreement. Any variations will be subject to the approval of the Authority. The form of application and the review and public hearing process are to be the same as for a standard bond financing. Upon submission of the application, the Authority's Bond Counsel shall report on the eligibility of the Institution, the project, and other legal matters. The Authority or the Authority's municipal advisor or the borrower's independent municipal advisor shall provide a financial report and a plan of finance to the effect that:
 - A. The proposed financing appears to be feasible within the available resources of the institution.
 - B. The proposed finance does not appear to violate existing covenants of prior debt financings of the institution.
 - C. The proposed interest rates for the financial are not unreasonable, taking into account the current bond market and the private placement nature of the transaction.
7. The institution shall be responsible for payment of all fees, including fees of the placement agent, the institution's attorney, the Authority, and the Authority's financial advisor and bond counsel. Legal fees of attorneys representing the purchaser or the placement agent, if any, shall be paid by the institution, the purchaser or the placement agent, as they may agree. The Authority's fee will be consistent with the fee applicable to all Authority bonds, subject to any fee reductions approved by the Authority from time to time. The fee of the Authority's bond counsel shall be as established by the Attorney General from time to time. The fee of the Authority's financial advisor shall be established in the general agreement between the Authority and its financial advisor.

10-2022-01 Resolution Delegating Powers and Authority Relating to Private Placement Issues:



(2022) 10-2022-01
Resolution Delegati

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	106,165.63	602,000.00	495,834.37	82.36 %
4020 Application Fee Income	1,000.00	1,000.00	0.00	0.00 %
Total Income	\$107,165.63	\$603,000.00	\$495,834.37	82.23 %
GROSS PROFIT	\$107,165.63	\$603,000.00	\$495,834.37	82.23 %
Expenses				
6000 Stipends	495.00	4,950.00	4,455.00	90.00 %
6001 Board Travel	238.36	7,500.00	7,261.64	96.82 %
6002 Communications				
6002.01 Communications - Phones	535.37	4,000.00	3,464.63	86.62 %
6002.02 Communications - Internet	266.27	3,200.00	2,933.73	91.68 %
6002.03 Communications - Software	85.00	1,250.00	1,165.00	93.20 %
6002.04 Communications - Website	13,350.00	43,000.00	29,650.00	68.95 %
6002.05 Communications - Misc	4,790.83	6,000.00	1,209.17	20.15 %
Total 6002 Communications	19,027.47	57,450.00	38,422.53	66.88 %
6003 Staff Travel	3,472.79	25,000.00	21,527.21	86.11 %
6004 Office Rent	13,078.38	55,000.00	41,921.62	76.22 %
6005 Office Supplies		2,500.00	2,500.00	100.00 %
6006 Repairs		500.00	500.00	100.00 %
6007 Printing Expense	3,250.00	8,000.00	4,750.00	59.38 %
6008 Periodicals/Memberships	6,702.20	18,000.00	11,297.80	62.77 %
6009 Fiscal Consultant Fees	100.00	61,600.00	61,500.00	99.84 %
6010 Audit Fees	15,900.00	22,900.00	7,000.00	30.57 %
6012 Legal & Legislative Fees	6,400.00	27,000.00	20,600.00	76.30 %
6013 Insurance Expense		2,750.00	2,750.00	100.00 %
6015 Miscellaneous Expense	0.00	2,000.00	2,000.00	100.00 %
6016 Bank Service Charges	457.67	3,000.00	2,542.33	84.74 %
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	1,568.74	10,000.00	8,431.26	84.31 %
6021.02 IT - Software	19,461.42	35,000.00	15,538.58	44.40 %
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	21,030.16	46,500.00	25,469.84	54.77 %
6023 Postage/Delivery Expense	-40.65	400.00	440.65	110.16 %
6100 Salaries	53,568.50	280,000.00	226,431.50	80.87 %
6101 Fringe Benefits	20,877.14	105,000.00	84,122.86	80.12 %
6104 Worker's Compensation	170.00	170.00	0.00	0.00 %
6107 Office Contract Work		500.00	500.00	100.00 %
Total Expenses	\$164,727.02	\$760,220.00	\$595,492.98	78.33 %

MN Health and Education Facilities Authority

Budget vs. Actuals: Budget_FY27_Original - FY27 P&L

July 2026 - June 2027

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
NET OPERATING INCOME	\$ -57,561.39	\$ -157,220.00	\$ -99,658.61	63.39 %
Other Income				
4000 Interest Income	25,886.02	85,000.00	59,113.98	69.55 %
4050 Unrealized Gain/Loss Adjustment on Sale	-641.87		641.87	
Total Other Income	\$25,244.15	\$85,000.00	\$59,755.85	70.30 %
NET OTHER INCOME	\$25,244.15	\$85,000.00	\$59,755.85	70.30 %
NET INCOME	\$ -32,317.24	\$ -72,220.00	\$ -39,902.76	55.25 %

MN Health and Education Facilities Authority

Profit and Loss by Class

September 2026

	Administration	Education	Health Care	Total
Income				
4010 Annual Fee Income		66,075.63		66,075.63
Total for Income		66,075.63		\$66,075.63
Gross Profit		66,075.63		\$66,075.63
Expenses				
6000 Stipends	330.00			330.00
6001 Board Travel	238.36			238.36
6002 Communications				
6002.01 Communications - Phones	195.98			195.98
6002.02 Communications - Internet	255.07			255.07
6002.03 Communications - Software	42.50			42.50
6002.05 Communications - Misc	165.83			165.83
Total for 6002 Communications	659.38			\$659.38
6003 Staff Travel				
6003.01 Staff Travel - General		575.00		575.00
Total for 6003 Staff Travel		575.00		\$575.00
6004 Office Rent	4,359.46			4,359.46
6008 Periodicals/Memberships	28.00			28.00
6010 Audit Fees	15,900.00			15,900.00
6012 Legal & Legislative Fees		1,100.00	1,100.00	2,200.00
6016 Bank Service Charges	231.64			231.64
6021 IT				
6021.01 IT - Managed IT Services	703.18			703.18
6021.02 IT - Software	79.75			79.75
Total for 6021 IT	782.93			\$782.93
6100 Salaries	23,503.70			23,503.70
6101 Fringe Benefits	8,620.75			8,620.75
Total for Expenses	54,654.22	1,675.00	1,100.00	\$57,429.22
Net Operating Income	-54,654.22	64,400.63	-1,100.00	\$8,646.41
Other Income				
4000 Interest Income		7,837.07		7,837.07
Total for Other Income		7,837.07		\$7,837.07
Net Other Income		7,837.07		\$7,837.07
Net Income	-54,654.22	72,237.70	-1,100.00	\$16,483.48