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April 27, 2020

Nathan Reinhardt, Finance Director
City of Shakopee
485 Gorman Street
Shakopee, MN 55379

Re: Resolution providing preliminary approval to the issuance of conduit revenue bonds by the City of Shakopee for the benefit of St. Francis Regional Medical Center

Dear Nate,

St. Francis Regional Medical Center, a Minnesota nonprofit corporation (the "Corporation"), has proposed to undertake the expansion and improvement of the Corporation's emergency department, the expansion and improvement of the Corporation's cancer center, and other improvements to the Corporation's acute care hospital facilities located at 1455 St. Francis Avenue, Shakopee, Minnesota (collectively, the "Project"). In order to provide financing for the capital costs of the Project, the Corporation is requesting that the City of Shakopee (the "City") issue one or more series of taxable or tax-exempt revenue bonds (the "Bonds") in the maximum principal amount of \$25,000,000. Enclosed is a resolution for consideration by the City Council on May 5, 2020, following the public hearing.

Because the financing structure for the Bonds is in the process of being negotiated, the City Council is being asked to consider the enclosed resolution, which provides preliminary approval to the issuance of the Bonds. Once the financing structure has been finalized, the City Council will be asked to consider a separate resolution at an upcoming meeting to approve the forms of financing documents as well as provide final approval to the issuance of the Bonds.

The Bonds, if issued by the City, will be issued pursuant to Minnesota Statutes, Sections 469.152 through 469.1655, as amended. The Bonds will be secured solely by the revenues derived from a loan agreement to be executed by the City and the Corporation and from other security provided by the Corporation. The Bonds will not constitute a general or moral obligation of the City, will not be secured by or payable from any property or assets of the City (other than the interests of the City in the loan agreement), and will not be secured by any taxing power of the City. The Bonds will not be subject to any debt limitation imposed on the City, and the issuance of the Bonds will not have any adverse impact on the credit rating of the City, even in the event that the Corporation encounters financial difficulties with respect to the Project to be financed with the proceeds of the Bonds.

The Corporation will agree to pay the out-of-pocket expenses of the City with respect to this transaction as well as the City's administrative fee.

Please contact me with any questions you may have prior to the City Council meeting.

Sincerely,

Julie A. Eddington

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