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September 30, 2020

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

Re: Resolution calling a public hearing on the proposed issuance of conduit revenue bonds by the City of Shakopee for the benefit of Shakopee Housing Partners, LP

Dear Nate,

Shakopee Housing Partners, LP, a Minnesota limited partnership whose general partner is Shakopee Housing Management, LLC, a Minnesota limited liability company, or an affiliate (collectively, the "Borrower"), has proposed to acquire, rehabilitate, and equip an approximately 62-unit existing multifamily rental housing facility and facilities functionally related and subordinate thereto located at 1428 Fourth Avenue East in the City of Shakopee (the "City") known as Shakopee Village Apartments (the "Project") for occupancy by seniors of low and moderate income. At least one occupant of each dwelling unit within the Project must be at least 62 years old. In order to finance the Project, the Borrower is requesting that the City issue one or more series of tax-exempt or taxable conduit revenue bonds (the "Bonds") in the principal amount not to exceed \$9,500,000. Enclosed is a resolution to be considered by the City Council on Tuesday, October 6, 2020, providing preliminary approval to the issuance of the Bonds and calling a public hearing on the Project and the issuance of the Bonds.

The Bonds, if authorized by the City, will be issued in calendar year 2021 in one or more series as housing revenue bonds under Minnesota Statutes, Chapter 462C, as amended (the "Act"). In accordance with the Act, the City will be required to conduct a public hearing on the issuance of the Bonds and the approval of a housing program. Additionally, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), requires that the Bonds receive an allocation of bonding authority of the State of Minnesota (the "State"). An application for this allocation must be made pursuant to Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act"). The enclosed resolution authorizes the City to take actions to prepare the housing program and an application for allocation in accordance with Section 146 of the Code and the Allocation Act. My office will coordinate the process for application for allocation from the State's housing pool in late December or early January.

If the City Council adopts the enclosed resolution, the City Council will be asked to conduct the public hearing required under the Act and the Code at a future City Council meeting. Following the public hearing, the City Council will be asked to consider a resolution approving the housing program, providing final

approval to the issuance of the Bonds, and authorizing the execution of documents in connection with the Bonds.

If issued, the Bonds will be secured solely by the revenues derived from the loan agreement to be executed by the City and the Borrower and from other security provided by the Borrower. The Bonds will not constitute a general or moral obligation of the City and 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 agreements) 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 Borrower encounters financial difficulties with respect to the Project to be financed with the proceeds of the Bonds. In addition, the issuance of the Bonds will not affect the ability of the City to issue and designate any general obligation bonds as “qualified tax-exempt obligations” (or “bank-qualified bonds”) in calendar year 2021.

The Borrower 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.

I will attend the City Council meeting on October 6, 2020 by video or telephone and can answer any questions that may arise during the meeting. Please contact me with any questions you may have prior to the City Council meeting.

Sincerely,

Julie A. Eddington