

COOPERATION AGREEMENT

Benedictine Health System Project

This COOPERATION AGREEMENT dated as of _____, 2021 (this "Agreement") is being entered into between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, St. Louis County, a public body, corporate and politic and political subdivision organized and existing under the laws of the State of Minnesota (the "Issuer"); and the CITY OF SHAKOPEE, Scott County, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota (the "Host Municipality").

Section 1. Definitions. The capitalized terms used in this resolution have the meanings assigned in the initial paragraph above and below:

Acts: means the Housing Act and Minnesota Statutes, Section 469.152 through 169.165, as amended.

2021 Bonds: means the Issuer's revenue bonds, proposed to be issued in one or more series in an aggregate maximum principal amount of \$150,000,000.

Bond Counsel: means Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel.

Benedictine: means Benedictine Health System d/b/a Benedictine, as obligated group agent for the obligated group currently comprised of St. Gertrude's Health Center, City of Lakes Care Center, Steeple Pointe Senior Living Community and Benedictine Care Centers, and the sole corporate member of the Owner/Operator.

Housing Act: means Minnesota Statutes, Chapter 462C.

Housing Program: means the Housing Program for Multifamily Housing Developments of the Host Municipality attached as Exhibit A.

Other Host Municipalities: means the Cities of Ada, Byron, Crookston, Hastings, Minneapolis, New Brighton, Osseo, Owatonna, Red Wing and Rochester, Minnesota, the Issuer and the Port Authority of Winona.

Owners/Operators: means St. Gertrude's Health Center, City of Lakes Care Center, Steeple Pointe Senior Living Community and Benedictine Care Centers, affiliates of Benedictine.

Parties: means the Issuer and the Host Municipality.

Prior Bonds: means the Host Municipality's Health Care and Housing Facilities Revenue Refunding Notes (Benedictine Health System Obligated Group) Series 2013A and Series 2013B.

Prior Bonds Issuer: means the Host Municipality.

Project: means constructing, improving, renovating, furnishing and equipping senior housing and health care facilities located at 625 Central Avenue, Osseo, Minnesota, 1850 Sarazin Street, Shakopee, Minnesota, and 618 East 17th Street, Minneapolis, Minnesota, by the Owners/Operators.

Section 2. General Recitals. The Parties make the following recitals of fact:

(a) The Prior Bonds Issuer issued the Prior Bonds to finance or refinance the Housing Program for the Project.

(b) Benedictine, on behalf of the Owners/Operators, has requested the Issuer to issue the 2021 Bonds pursuant to the Acts to, in part, refinance the Prior Bonds and other outstanding obligations incurred by affiliates of Benedictine with respect to facilities located in the Host Municipality and the Other Host Municipalities.

(c) The Issuer wishes to enter into this Agreement for the purpose of meeting the legal requirements applicable to the issuance of the 2021 Bonds.

Section 2. Purpose of this Agreement.

(a) Bond Counsel has advised the Parties that:

(i) The legal authority for the issuance of the 2021 Bonds is the Acts.

(ii) The Housing Program is a condition precedent to the issuance of the 2021 Bonds.

(iii) By entering into this Agreement with the Host Municipality, the Issuer will be able to rely on the Housing Program for the purpose of issuing the 2021 Bonds.

(iv) This Agreement constitutes a joint powers agreement under Minnesota Statutes, Sections 471.59.

(v) The Issuer will be entering into an agreement substantially similar to this Agreement with each of the Other Host Municipalities.

(b) This Agreement is entered into for the purpose of facilitating the issuance of the 2021 Bonds by the Issuer to refinance the Housing Program and the Project.

Section 3. Findings. It is in the best interest of the Parties to cooperate and facilitate the issuance of the 2021 Bonds by the Issuer as requested by Benedictine on behalf of the Owners/Operators in order to continue the Project operations as a senior living facility in the Host Municipality and support the operations of Benedictine senior living facilities in the jurisdiction of the Issuer.

Section 4. Consent. The Host Municipality consents to the use by the Issuer of the Housing Program and authorizes the Issuer to rely on the Housing Program in connection with the issuance of the 2021 Bonds, subject to the terms and conditions set forth in this Agreement.

Section 5. Special Limited Obligations. The 2021 Bonds shall be special, limited obligations of the Issuer and shall not be payable from nor charged against any funds of any of the Parties, nor shall any of the Parties be subject to any liability thereon, nor shall any holder of the 2021 Bonds ever have the right to compel any exercise of the taxing power of any of the Parties to pay the 2021 Bonds or the interest thereon, nor to enforce payment against any property of any of the Parties, nor shall the 2021 Bonds constitute a charge, lien or encumbrance,

legal or equitable, upon any property of any of the Parties, nor shall the 2021 Bonds constitute a debt of any of the Parties within the meaning of any constitutional or statutory limitation.

Section 6. Term. This Agreement shall terminate upon the earlier of: (a) defeasance of the 2021 Bonds or any obligations which refund the 2021 Bonds; (b) final maturity and payment of the 2021 Bonds or any obligations which refund the 2021 Bonds; or (c) payment in full of the 2021 Bonds or any obligations which refund the 2021 Bonds prior to their final maturity.

Section 7. Distribution of Assets. Upon termination of this Agreement, any property acquired pursuant to this Agreement and any surplus moneys shall be distributed according to the documents entered into by the Issuer in connection with the issuance of the 2021 Bonds.

Section 8. Amendments. This Agreement may not be amended while any portion of the 2021 Bonds or any obligations which refund the 2021 Bonds remain outstanding, unless such amendment has been requested by Benedictine on behalf of the Owners/Operators, the Parties agree to such amendment in writing, and the Issuer has received the opinion of nationally-recognized bond counsel that such amendment will not adversely affect the tax-exempt status of the 2021 Bonds or any obligations which refund the 2021 Bonds.

Section 9. Counterparts. This Agreement may be executed in counterparts, each of which will be an original, but which together will constitute one and the same instrument.

Section 10. No Bank Qualification. The 2021 Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.

Section 11. Certification. Attached as Exhibit A is a true and correct copy of the Housing Program approved and adopted by the Host Municipality on September 17, 2013. The Housing Program is in full force and effect, and has not been amended, modified, rescinded or revoked since its adoption except as shown in Exhibit A.

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the Parties have caused their names to be signed by their respective officers thereunto duly authorized, as of the day and year first above written.

DULUTH ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Its President

By _____
Its Secretary

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(Signature page to Cooperation Agreement between the Duluth Economic Development Authority and the City of Shakopee, Minnesota – Benedictine Health System Project)

CITY OF SHAKOPEE, MINNESOTA

By _____
Mayor

By _____
Administrator

(Signature page to Cooperation Agreement between the Duluth Economic Development
Authority and the City of Shakopee, Minnesota – Benedictine Health System Project)

EXHIBIT A HOUSING PROGRAM

HOUSING PROGRAM FOR MULTIFAMILY HOUSING DEVELOPMENTS

ST. GERTRUDE'S HEALTH CENTER STEEPLE POINTE SENIOR LIVING COMMUNITY

City of Shakopee

Section A. The Projects, the City, and the Bonds. Pursuant to the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Chapter 462C, as amended (the "Housing Act"), cities and other political subdivisions of the State of Minnesota are authorized to carry out the public purposes described therein and contemplated thereby in the financing or refinancing of multifamily housing developments by issuing revenue bonds or obligations to defray, in whole or in part, the development costs of a multifamily housing development, and by entering into any agreements made in connection therewith and by pledging any such agreements as security for the payment of the principal of and interest on any such revenue bonds or obligations.

A multifamily housing development financed or refinanced under the Housing Act may consist of a multifamily housing development combined with a new or existing health care facility if: (i) the multifamily housing development is designed and intended to be used for rental occupancy; (ii) the multifamily housing development is designed and intended to be used primarily by elderly or physically handicapped persons; and (iii) nursing, medical, personal care, and other health-related, assisted-living services are available to the residents on a 24-hour basis in the multifamily housing development.

Cities and other political subdivisions of the State of Minnesota are authorized to issue obligations to finance the acquisition or improvement of real property located outside of the corporate boundaries of such cities or other political subdivisions if the property or properties constituting a single project is located in a city and the governing body of such city consents, by resolution, to the issuance of obligations by the other cities or other political subdivisions.

St. Gertrude's Health Center, a Minnesota nonprofit corporation ("St. Gertrude's"), and Steeple Pointe Senior Living Community, a Minnesota nonprofit corporation ("Steeple Pointe"), have requested the participation of the City of Shakopee, Minnesota (the "City") in the refinancing certain of the existing senior housing facilities owned and operated by St. Gertrude's and Steeple Pointe. St. Gertrude's owns and operates The Gardens at St. Gertrude's, an assisted living facility connected to the St. Gertrude's Health and Rehabilitation Center located at 1850 Sarazin Street in the City (the "Shakopee Project"), the construction and equipping of which was originally financed with the proceeds of revenue obligations issued by the City of Osseo, Minnesota (the "City of Osseo") in 1997 pursuant to the Housing Act. Steeple Pointe owns and operates Benedictine Senior Living at Steeple Pointe, which includes multifamily townhomes and other multifamily housing facilities designated as senior rental housing located at 625 Central Avenue in the City of Osseo (the "Osseo Project"), the acquisition, improvement, and construction of which was originally financed with the proceeds of revenue obligations issued by the City of Osseo in 2003 pursuant to the Housing Act.

The City is authorized and empowered, pursuant to the Housing Act, with the consent and authorization of the City of Osseo, to carry out the public purposes described in the Housing Act to refinance, in whole or in part, the Osseo Project located in the City of Osseo and the Shakopee Project located in the City. At the request of St. Gertrude's, Steeple Pointe, and City of Lakes Care Center, a Minnesota nonprofit corporation ("City of Lakes"), the City, the City of Osseo, and the City of Minneapolis (the "City of Minneapolis") propose to enter into a Cooperative Agreement, dated on or

after August 1, 2013 (the "Cooperative Agreement"), pursuant to the provisions and conditions of Minnesota Statutes, Sections 471.59 and 471.656, as amended. Under the terms of the Cooperative Agreement, the City of Osseo will consent to the issuance of revenue bonds or obligations by the City to refinance the Osseo Project, and the City of Minneapolis will consent to the issuance of the same revenue bonds or obligations by the City to refinance a long-term care facility located at 618 East 17th Street in the City of Minneapolis (the "Minneapolis Project"), owned and operated by City of Lakes, the acquisition, equipping, and renovation of which was originally financed with the proceeds of revenue obligations issued by the City of Minneapolis in 2004 pursuant to Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Industrial Development Act").

In accordance with the requirements of Section 462C.04 of the Housing Act, as a condition to the issuance of revenue bonds or obligations under the Housing Act to refinance the Shakopee Project and the Osseo Project (together, the "Projects"), a housing program must be prepared and approved with respect to the Projects and the revenue bonds or obligations proposed to be issued to refinance the Projects, and the housing program must be submitted to the Metropolitan Council for review and comment. In accordance with the requirements of Section 462C.04, subdivision 2, of the Housing Act, the City must: (i) establish a date for a public hearing with respect to the housing program and the proposal to issue revenue bonds or obligations pursuant to the terms of the housing program; (ii) publish a notice of a public hearing in a newspaper of general circulation in the City at least fifteen (15) days prior to the date established by the City for the public hearing; and (iii) conduct the public hearing with respect to the housing program and the proposal of the City to issue revenue bonds or obligations pursuant to the terms of the housing program and the Housing Act to refinance the Projects.

This Housing Program for a Multifamily Housing Developments (the "Housing Program") is proposed to be undertaken in accordance with the terms of the Housing Act by the City at the request of St. Gertrude's with respect to the Shakopee Project and Steeple Pointe with respect to the Osseo Project. The representations herein are based entirely on representations or other information provided to the City by or on behalf of St. Gertrude's and Steeple Pointe. The City has not independently investigated the accuracy of the representations of either party.

The total cost of refinancing the Projects will be approximately \$18,525,000. The revenue bonds or obligations proposed to be issued by the City under the Housing Act (the "Notes") are expected to be issued in three series in the aggregate principal amount of approximately \$19,595,000. The City will conduct a public hearing with respect to the proposed issuance of the Notes by the City to refinance the Projects. The Notes are expected to be issued on or after October 1, 2013. The proceeds derived from the sale of the Notes are proposed to be loaned to St. Gertrude's, Steeple Pointe, and City of Lakes (collectively, the "Obligated Group") under a loan agreement and the proceeds of the loan will be applied, in part, to the refinancing of (i) the Shakopee Project through the redemption and prepayment of the Tax Exempt Loan Participation Note (St. Gertrude's Health Center Project), Series 2004 (the "Series 2004 Osseo Note"), issued by the City of Osseo on September 28, 2004, in the original aggregate principal amount of \$3,900,000; and (ii) the Osseo Project through the redemption and prepayment of the Tax Exempt Loan Participation Note (St. Gertrude's/Steeple Pointe Project), Series 2003 (the "Series 2003 Osseo Note"), issued by the City of Osseo on September 26, 2003, in the original aggregate principal amount of \$9,995,000. The proceeds of the loan will also be applied to pay the costs of issuing the Notes, refinance the Minneapolis Project, and refinance other skilled nursing facilities owned and operated by St. Gertrude's and originally financed with the proceeds of revenue obligations issued by the City pursuant to the Industrial Development Act. St. Gertrude's, Steeple Pointe, and City of Lakes will agree to make loan repayments under the terms of such loan agreement in amounts sufficient to pay the principal of, premium, if any, and interest on the Notes when due. The estimated cost of refinancing the

Projects may change between the date of approval of this Housing Program and the date of issuance of the Notes.

Prior to the issuance of the Notes, the City Council of the City of Minneapolis and the City Council of the City of Osseo will consider resolutions approving the issuance of the Notes by the City to refinance the Shakopee Project, the Osseo Project and the Minneapolis Project.

In determining to undertake the refinancing of the Projects, the City and the City of Osseo have considered the information available, including information concerning the population, housing stock and economic climate of the City and the City of Osseo, and the City and the City of Osseo have determined that the issuance of the Notes by the City and the refinancing of the Projects are in the best interests of the public health, safety, and welfare of the people of the City and the City of Osseo.

Section B. Housing Program. The City Council of the City of Osseo adopted a housing program with respect to the Osseo Project on July 14, 1997 (the "Osseo Project Housing Program"). The City Council of the City of Osseo and the City Council of the City of Shakopee adopted a joint housing program with respect to the Shakopee Project on March 22, 2004 (the "Shakopee Project Housing Program").

The City is amending and restating the Shakopee Project Housing Program to assist in refinancing the Shakopee Project at a cost and upon such other terms and conditions as may be determined by the City in accordance with the Housing Act. The City is also establishing this Housing Program to assist in refinancing the Osseo Project at a cost and upon such other terms and conditions as may be determined by the City in accordance with the Housing Act.

The Notes will be secured by the loan repayments to be made by the Obligated Group under the terms of the loan agreement. The obligations of the Obligated Group to make the loan repayments under the loan agreement may be secured by a mortgage lien on the land and buildings comprising, in part, the Projects, by a pledge of the leases and rents to be derived from the Projects, by a security interest in the fixtures and equipment financed as a part of the Projects, or such security as may be required by the owner of the Notes. If agreed to by the owner of the Notes and the Obligated Group, the loan repayments may also be secured by one or more guaranty agreements of the Obligated Group or related parties. In the event the revenues and other security pledged to the payment of the loan repayments are not sufficient to pay the principal of, premium, if any, and interest on the Notes when due, the owner of the Notes will bear the loss.

The Notes will not constitute a general or moral obligation of the City or the City of Osseo, will not be secured by the taxing powers of the City or the City of Osseo, will not be secured by any property of the City of Osseo, and will not be secured by any property of the City except the interests of the City in the loan agreement. The Notes will be a special, limited obligation of the City.

Section C. Local Contributions to the Housing Program. The issuance of tax-exempt obligations for the Projects is expected to allow the City to refinance the Projects at a lower interest cost than is otherwise available. The City believes the reduced financing cost will enhance the feasibility of the Projects and result in lower rental rates for use of the Projects than might otherwise be charged.

Section D. Standards and Requirements Relating to the Refinancing of the Projects Pursuant to the Housing Program. The following standards and requirements shall apply with respect to the operation of the Projects:

(1) Substantially all of the proceeds of the Notes will be applied to the refinancing of the Projects, the payment of the costs of issuance of the Notes, and the refinancing of the Minneapolis Project financed under the terms of the Industrial Development Act. The resolutions authorizing the issuance of the Notes and the loan agreement pursuant to which the proceeds of the Notes are to be loaned to the Obligated Group will include certain covenants to be made by the City and the Obligated Group regarding the use of proceeds, and by the Obligated Group regarding the character and use of the Projects.

(2) The Obligated Group will covenant that it will not arbitrarily reject an application from a proposed tenant because of race, color, creed, religion, national origin, sex, marital status, or status with regard to public assistance or disability.

(3) The dwelling units of the Projects will be occupied by, or held for occupancy by, elderly persons.

(4) The Projects are intended to be a "multifamily housing development" as defined in Section 462C.02 of the Housing Act.

The Obligated Group will enter into agreements requiring compliance throughout the term of the Notes (or for such longer period as may be required by law) with the requirements of state law. The Projects are consistent with the City's plan for housing development. The Obligated Group will be required to operate the Projects in accordance with state and local anti-discrimination laws and ordinances.

Section E. Severability. The provisions of this Housing Program are severable, and if any of its provisions, sentences, clauses, or paragraphs shall be held unconstitutional, contrary to statute, exceeding the authority of the City, or otherwise illegal or inoperative by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

Section F. Amendment. While the Notes are outstanding, the City shall not amend this Housing Program to the detriment of the holders of such obligation. The City may amend this Housing Program, to the extent authorized by law and the contractual obligations of the City to the extent the City deems such amendment to be in the best interests of the City, the Projects, and the owners of the Notes.

Section G. State Ceiling. A portion of the Notes shall be issued as "qualified 501(c)(3) bonds" pursuant to Section 145 of the Internal Revenue Code of 1986, as amended, the interest on which is not includable in gross income for federal income tax purposes and which is not includable in taxable net income for individuals, estates, and trusts for State of Minnesota income tax purposes (subject to certain qualifications). None of the state ceiling for private activity bonds is required to be allocated to the Notes.