

ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. E2021-007

RESOLUTION APPROVING FIRST AMENDMENT TO THE
CONTRACT FOR PRIVATE REDEVELOPMENT WITH THE CITY
OF SHAKOPEE, CANTERBURY DEVELOPMENT LLC, AND
CANTERBURY PARK HOLDING CORPORATION AND
AUTHORIZING THE ISSUANCE OF ITS TAX INCREMENT
REVENUE NOTE

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the “Authority”) was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Shakopee, Minnesota (the “City”); and

WHEREAS, the City has previously established and the Authority administers Tax Increment Financing (Redevelopment) District No. 18 (the “TIF District”) within the Minnesota River Valley Housing and Redevelopment Project No. 1 located within the City (the “Project Area”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended; and

WHEREAS, the Authority and the City have identified the need to redevelop land located in the Project Area (the “Redevelopment Property”), which is owned by Canterbury Development LLC, a Minnesota limited liability company (“Canterbury Development”), and Canterbury Park Holding Corporation, a Minnesota corporation and the parent of Canterbury Development (“Canterbury Park Holding Corporation,” and together with Canterbury Development, the “Master Developer”); and

WHEREAS, the Master Developer, the Authority, and the City have entered into a Contract for Private Development, dated August 8, 2018 (the “Original Agreement”), pursuant to which (i) the Master Developer agreed to undertake infrastructure improvements within the Project Area, including but not limited to the development of public streets, utilities, sidewalks, and other public infrastructure (the “Developer Improvements”) as part of the redevelopment of the Redevelopment Property for housing, commercial/retail, hospitality and destination entertainment, and office space purposes as part of a multi-phased project (the “Redevelopment Project”); (ii) the City agreed to undertake certain public improvements in connection with the Redevelopment Project (the “City Improvements”); (iii) the Authority agreed to pay a portion of the costs of the Developer Improvements and the City Improvements with tax increment generated from the TIF District; and (iv) the Authority agreed to issue a tax increment revenue note in the maximum principal amount of \$23,336,500 to reimburse the Master Developer for qualified public redevelopment costs; and

WHEREAS, on April 21, 2020, the Board of Commissioners of the Authority (the “Board”) adopted a resolution authorizing the execution and delivery of an amendment to the Original Agreement, but the amendment was never executed by the parties; and

WHEREAS, there has been presented before the Board a new version of the First Amendment to Contract for Private Redevelopment (the “First Amendment to Agreement”) proposed to be entered into between the City, the Authority, and the Master Developer, which amends the Original Agreement to include the additional property to be acquired by the Master Developer, to set forth the additional projects to

be undertaken by the City, to reallocate the tax increment payable by the Authority to the costs of the improvements to be undertaken by the Master Developer and the City, and to provide for the issuance to the Master Developer of the Authority's tax increment revenue note in a maximum principal amount of \$17,592,881 to reimburse the Master Developer for qualified public redevelopment costs; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority for the City of Shakopee, Minnesota that:

Section 1. The First Amendment to Agreement. The Board approves the new version of the First Amendment to Agreement in substantially the form on file in City Hall, and the President and Executive Director are hereby authorized and directed to execute and deliver the First Amendment to Agreement. All of the provisions of First Amendment to Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The First Amendment to Agreement shall be substantially in the form on file with the Authority which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the President and the Executive Director, in their discretion, shall determine, and the execution thereof by the President and the Executive Director shall be conclusive evidence of such determination.

Section 2. The TIF Note.

2.01. The Authority hereby approves and authorizes the President and Executive Director to execute the TIF Note. The Authority hereby delegates to the Executive Director the determination of the date on which the TIF Note is to be delivered, in accordance with Section 3.8(a) of the Agreement. The TIF Note shall be sold to the Master Developer and shall bear the terms provided in the Agreement. The Authority shall receive in exchange for the sale of the TIF Note the agreement of the Master Developer to pay the Qualified Redevelopment Project Costs. This approval supersedes the prior approval by the Authority to issue the TIF Note.

2.02. The TIF Note shall be in substantially the form set forth in Exhibit B attached to the Agreement, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue; provided, however, that the principal amount of the TIF Note shall not exceed the principal amount set forth in the Original Agreement, as amended by the First Amendment to Agreement (as amended, the "Agreement").

2.03. The TIF Note shall be issued as a single typewritten note numbered R-1. The TIF Note shall be issuable only in fully registered form. Principal of the TIF Note shall be payable by check or draft issued by the registrar described herein. Principal of the TIF Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date (as defined in the Agreement), whether or not such day is a business day.

2.04. The Authority hereby appoints the Finance Director of the City to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the TIF Note and the registration of transfers and exchanges of the TIF Note.

(b) Upon surrender for transfer of the TIF Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new TIF Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Master Developer unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Master Developer or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) The TIF Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) When the TIF Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such TIF Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) The Authority and the Registrar may treat the person in whose name the TIF Note is at any time registered in the bond register as the absolute owner of the TIF Note, whether the TIF Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of such TIF Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon such TIF Note to the extent of the sum or sums so paid.

(f) For every transfer or exchange of the TIF Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) In case any TIF Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new TIF Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated TIF Note or in lieu of and in substitution for such TIF Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the TIF Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such TIF Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The TIF Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed TIF Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new TIF Note prior to payment.

2.05. The TIF Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the TIF Note shall cease to be such officer before the delivery of the TIF Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the TIF Note has been so executed, it shall be delivered by the Executive Director to the Master Developer thereof in accordance with the Agreement.

Section 3. Security Provisions of the TIF Note.

3.01. Payments on the TIF Note are payable on each Payment Date solely from and in the amount of “Available Tax Increment,” which means, on each Payment Date, ninety percent (90%) of the Tax Increment attributable to the Redevelopment Property and paid to the Authority by Scott County, Minnesota in the six (6) months preceding the Payment Date. Principal payments on the TIF Note shall be subordinate to the City’s TIF Bonds (as defined in the Agreement). Therefore, Available Tax Increment will first be used by the City to provide debt service coverage in the amount of one hundred five percent (105%) of the principal of and interest on the TIF Bonds and to reimburse the City for any Deficiency Payments (as defined in the Agreement). The City will only make payments on the TIF Note in the amount of Available Tax Increment remaining after the payment of principal of and interest on the TIF Bonds on each Payment Date.

3.02. Until the date the TIF Note is no longer outstanding and no principal thereof (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of the TIF Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment, subject to the terms of the Agreement. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority’s account for the TIF District upon the payment of all principal to be paid with respect to the TIF Note.

Section 4. Miscellaneous.

4.01. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Master Developer certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the TIF Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

4.02. This resolution shall be effective upon full execution of the First Amendment to Agreement.

Sworn and Executed Under My Hand this 7th day of September, 2021.

President

Executive Director