

CITY OF SHAKOPEE

RESOLUTION NO. R2022-004

RESOLUTION AUTHORIZING THE USE OF TAX INCREMENT REVENUE  
AND THE TRANSFER OF UNSPENT PROCEEDS OF THE CITY OF  
SHAKOPEE'S GENERAL OBLIGATION TAX INCREMENT REVENUE  
BONDS, SERIES 2020A, AND DECLARING THE OFFICIAL INTENT OF  
THE CITY TO REIMBURSE CERTAIN EXPENDITURES FROM THE  
PROCEEDS OF BONDS TO BE ISSUED BY THE CITY

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the "Authority") and the City of Shakopee, Minnesota (the "City") have established Tax Increment Financing District No. 18 (the "TIF District"), a redevelopment tax increment financing district within the Minnesota River Valley Housing and Redevelopment Project No. 1 (the "Project"), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), and have adopted a Tax Increment Financing Plan for the purpose of financing certain improvements within the Project; and

WHEREAS, the City, the Authority, 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"), entered into a Contract for Private Redevelopment, dated August 8, 2018 (the "Original Contract"), as amended by the First Amendment to Contract for Private Redevelopment, dated September 7, 2021 (the "First Amendment to Contract," and together with the Original Contract, the "Contract"), pursuant to which the Master Developer agreed to develop public streets, utilities, sidewalks, and other public infrastructure (the "Developer Improvements") as part of the redevelopment of certain property within the Project for housing, commercial/retail, hospitality and destination entertainment, and office space purposes as part of a multi-phased project, the City agreed to undertake certain infrastructure improvements within or adjacent to the Project, including but not limited to public streets, utilities, sidewalks, and other public infrastructure (the "City Improvements"), and the Authority agreed to pay a portion of the costs of the Developer Improvements and the City Improvements; and

WHEREAS, on July 2, 2020, the City issued its General Obligation Tax Increment Revenue Bonds, Series 2020A (the "Series 2020A Bonds"), in the original aggregate principal amount of \$8,165,000, to reimburse costs of the Project, including public improvements to Unbridled Avenue in the City (the "2020 Public Improvements"), and the costs of issuing the Series 2020A Bonds; and

WHEREAS, to date, proceeds of the Series 2020A Bonds in the amount of \$1,861,271 remain unspent; and

WHEREAS, pursuant to Minnesota Statutes, Section 475.65, when a project financed with bonds is completed and proceeds of the obligations issued to finance such project remain, the unexpended bond proceeds may be devoted to any other public use authorized by law, and approved by resolution adopted or vote taken in the manner required to authorize bonds for such new use and purpose; and

WHEREAS, the 2020 Public Improvements have been completed, and the City has determined to transfer unspent proceeds of the Series 2020A Bonds in the amount of \$1,861,271 to pay the costs of the projects described in Exhibit C attached to the First Amendment to Contract and eligible to be paid from tax increment revenues generated by property within the TIF District (collectively, the “Eligible Project Costs”); and

WHEREAS, in addition, any remaining tax increment revenue generated from property within the TIF District may be used for Eligible Project Costs; and

WHEREAS, the Authority has purchased a workforce housing center within the TIF District and intends to demolish it and make the property available for economic development purposes, and the City may finance such expenditures temporarily from sources other than bonds and reimburse such expenditures from the proceeds of a tax-exempt bond; and

WHEREAS, in accordance with Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) issued by the Internal Revenue Service, the City wishes to declare its official intent to reimburse certain costs of (a) the acquisition of the workforce housing center in the amount equal to the difference between the acquisition price of the workforce housing center and the sale price of the workforce housing center; and (b) the demolition of the workforce housing center in the maximum amount of \$350,000; and (c) Eligible Project Costs; and

WHEREAS, the City has determined to make this declaration of official intent (the “Declaration”) to reimburse certain costs of the acquisition and demolition of the workforce housing center from proceeds of tax-exempt bonds in accordance with the Reimbursement Regulations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Shakopee that:

1. The City hereby approves the use of remaining tax increment revenue and the transfer of the unspent proceeds of the Series 2020A Bonds in the principal amount of \$1,861,271 to pay the Eligible Project Costs.

2. The City reasonably expects to reimburse the expenditures made for the acquisition and demolition of the workforce housing center from the proceeds of bonds in an estimated maximum principal amount of (a) with respect to the acquisition of the workforce housing center, the difference between the acquisition price and the sale price; and (b) with respect to the demolition of the workforce housing center, \$350,000; and (c) Eligible Project Costs. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the acquisition and demolition of the workforce housing center and the principal amount of the bonds described in paragraph 2 are consistent with the City’s budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the City are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City’s budget or financial policies to pay such expenditures for the acquisition and demolition of the workforce housing center.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Approved by the City Council of the City of Shakopee this 4<sup>th</sup> day of January, 2022.

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Mayor

ATTEST:

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City Clerk