

CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. R2022-040

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
GENERAL OBLIGATION BONDS, SERIES 2022A, IN THE
PROPOSED AGGREGATE PRINCIPAL AMOUNT OF \$10,000,000

BE IT RESOLVED By the City Council (the “City Council”) of the City of Shakopee, Minnesota (the “City”), as follows:

1. TIF Bonds.

(a) The City has established and the Economic Development Authority for the City of Shakopee, Minnesota (the “Authority”) administers Tax Increment Financing (Redevelopment) District No. 18 (the “TIF District”) within the Minnesota River Valley Housing and Redevelopment Project No. 1 (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”). The Authority and the City have approved a Tax Increment Financing Plan for the TIF District (the “TIF Plan”). The TIF District was created to facilitate redevelopment to create additional market rate rental housing, create new commercial uses, and improve the tax base in the City.

(b) The City, the Authority, Canterbury Development LLC, a Minnesota limited liability company (“Canterbury Development”), and Canterbury Park Holding Corporation, a Minnesota corporation and parent company of Canterbury Development (“Canterbury Park Holding Corporation,” and together with Canterbury Development, the “Master Developer”), have entered into a Contract for Private Redevelopment, dated August 8, 2018, as amended by the First Amendment to Contract for Private Redevelopment, dated September 7, 2021 (as amended and as may be further amended, the “TIF Contract”), pursuant to which the Master Developer agreed to undertake infrastructure improvements within the Redevelopment Project as part of the redevelopment of the property located in the TIF District for housing, commercial/retail, hospitality and destination entertainment, and office space purposes as part of a multi-phased project in the City, and the City agreed to undertake certain public improvements and infrastructure projects in connection therewith.

(c) The Authority and the City have expended funds within the Redevelopment Project for the costs related to public infrastructure (the “TIF Project”).

(d) Pursuant to Section 469.178 of the TIF Act, the Authority is authorized to pledge the tax increment revenues generated by the TIF District to the payment of principal of and interest on general obligation bonds to be issued by the City to pay all or a portion of the public redevelopment costs incurred or to be incurred by the City in the Redevelopment Project as identified in the TIF Plan.

(e) The City has issued the following general obligations to finance costs of the Project: (i) General Obligation Tax Increment Revenue Bonds, Series 2019A (the “Series 2019A Bonds”), dated October 17, 2019, in the original aggregate principal amount of \$4,220,000, to reimburse costs of the TIF Project related to public improvements made to 12th Avenue in the City and to pay the costs of issuing the Series 2019A Bonds; and (ii) General Obligation Tax Increment Revenue Bonds, Series 2020A (the “Series 2020A Bonds”), dated July 2, 2020, in the

original aggregate principal amount of \$8,165,000, to reimburse additional costs of the TIF Project, including public improvements to Unbridled Avenue in the City and to pay the costs of issuing the Series 2020A Bonds.

(f) The City finds it necessary and desirable to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$5,910,000 (the “TIF Bonds”), pursuant to the TIF Act and Minnesota Statutes, Chapter 475, as amended (the “Municipal Debt Act”), to finance and reimburse additional costs of the TIF Project, including the projects that are reimbursable with tax increment from the TIF District and described in Exhibit C attached to the TIF Contract, and the costs of issuing the TIF Bonds (the “TIF Project Costs”).

2. Improvement Bonds.

(a) The City is authorized by the Municipal Debt Act and Minnesota Statutes, Chapter 429, as amended (the “Improvement Act”), to issue obligations in an amount deemed necessary to defray in whole or in part the expense incurred and estimated to be incurred in making improvements authorized by the Improvement Act.

(b) Certain assessable public improvements within the City, including but not limited to street improvements and appurtenance work designated as City projects CIF 2020-004, Sewer 2021-01, and CIF 2022-001 (collectively, the “Assessable Improvements”), have been made, duly ordered, or contracts let pursuant to the provisions of the Improvement Act.

(c) The City finds it necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$4,090,000 (the “Improvement Bonds”), pursuant to the Improvement Act, to provide financing for a portion of the costs of the Assessable Improvements.

3. Sale of Bonds.

(a) The City finds it necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Bonds, Series 2022A (the “Bonds”), in the proposed aggregate principal amount of \$10,000,000, pursuant to the TIF Act, the Improvement Act, and the Municipal Debt Act (collectively, the “Act”), to provide financing for the TIF Project Costs and the Assessable Improvements. The Bonds will be issued, sold, and delivered in accordance with the Terms of Proposal set forth in EXHIBIT A attached hereto (the “Terms of Proposal”).

(b) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent municipal advisor in connection with such sale. The actions of City staff and municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all respects.

4. Authority of Municipal Advisor. Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”), is authorized and directed to advertise the Bonds for sale in accordance with the Terms of Proposal in the manner required by law. The City Council will meet at 7:00 P.M. on Tuesday, April 19, 2022, to consider bids on the Bonds and take any other appropriate action with respect to the Bonds.

5. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, as bond counsel for the City (“Bond Counsel”), is authorized to act as bond counsel and to assist in the

preparation and review of necessary documents, certificates and instruments relating to the Bonds. The officers, employees and agents of the City are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

6. Covenants. In the resolution awarding the sale of the Bonds the City Council will set forth the covenants and undertakings required by the Act.

7. Official Statement. In connection with the sale of the Bonds, the officers or employees of the City are authorized and directed to cooperate with the Municipal Advisor and participate in the preparation of an official statement for the Bonds and to deliver it on behalf of the City upon its completion.

8. Reimbursement. The City has or may have incurred certain expenditures with respect to the TIF Project and the Assessable Improvements that were financed temporarily from other sources but are expected to be reimbursed with proceeds of the Bonds. The City hereby declares its intent to reimburse certain costs of the TIF Project and the Assessable Improvements from proceeds of the Bonds (the "Declaration"). This Declaration is intended to constitute a declaration of official intent for purposes of the Section 1.150-2 of the Treasury Regulations promulgated under the Code.

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Approved by the City Council of the City of Shakopee this 15th day of March, 2022.

Mayor

ATTEST:

City Clerk

EXHIBIT A
TERMS OF PROPOSAL

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$10,000,000*

**CITY OF SHAKOPEE, MINNESOTA
GENERAL OBLIGATION BONDS, SERIES 2022A
(BOOK ENTRY ONLY)**

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Shakopee, Minnesota (the “City”) on Tuesday, April 19, 2022 (the “Sale Date”) until 10:30 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 225 South 6th Street, Suite 2300, Minneapolis, Minnesota, 55402, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to bondservice@bakertilly.com or by fax (651) 223-3046, and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all proposals submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY[®] shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY[®] is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY[®], this Terms of Proposal shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2022 Baker Tilly Municipal Advisors, LLC.

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2023. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

2024	\$500,000	2028	\$510,000	2032	\$485,000	2036	\$ 110,000	2039	\$1,125,000
2025	\$495,000	2029	\$510,000	2033	\$490,000	2037	\$ 110,000	2040	\$1,150,000
2026	\$495,000	2030	\$510,000	2034	\$100,000	2038	\$1,095,000	2041	\$1,185,000
2027	\$500,000	2031	\$520,000	2035	\$110,000				

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2031, and on any day thereafter, to redeem Bonds due on or after February 1, 2032. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge (i) tax increment revenue collections within Tax Increment Financing District No. 18 (the "TIF District"), a redevelopment district, and (ii) special assessments from benefitted properties for repayment of the Bonds. The proceeds of the Bonds will be used to finance (i) various public improvements within the TIF District and (ii) various street improvements within the City.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BIDDING PARAMETERS

Proposals shall be for not less than \$9,900,000 (99.0%) plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$100,000 (the “Deposit”) no later than 1:30 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the

municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about May 19, 2022, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email bondservice@bakertilly.com. The Preliminary Official Statement will also be made available at <https://connect.bakertilly.com/bond-sales-calendar>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated March 15, 2022

BY ORDER OF THE CITY COUNCIL

/s/ Lori Hensen
City Clerk

STATE OF MINNESOTA)
)
COUNTY OF SCOTT)
)
CITY OF SHAKOPEE)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Shakopee, Minnesota (the “City”), hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on Tuesday, March 15, 2022, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes, insofar as they relate to the issuance and sale of the City’s General Obligation Bonds, Series 2022A, in the proposed aggregate principal amount of \$10,000,000.

WITNESS My hand as City Clerk and the corporate seal of the City this ____ day of March, 2022.

(SEAL)

City Clerk
City of Shakopee, Minnesota