

**SECOND AMENDMENT TO
TAX INCREMENT PLEDGE AGREEMENT**

between

CITY OF SHAKOPEE, MINNESOTA

and

**ECONOMIC DEVELOPMENT AUTHORITY
FOR THE CITY OF SHAKOPEE, MINNESOTA**

THIS SECOND AMENDMENT TO TAX INCREMENT PLEDGE AGREEMENT is made and entered into on or as of the 19th day of May, 2022 (the “Second Amendment to Agreement”), between the City of Shakopee, Minnesota (the “City”) and the Economic Development Authority for the City of Shakopee, Minnesota (the “Authority”), and amends the Tax Increment Pledge Agreement, dated October 17, 2019 (the “Original Agreement”), between the City and the Authority, as amended by the First Amendment to Tax Increment Pledge Agreement, dated July 2, 2020 (the “First Amendment to Agreement”), between the City and the Authority.

RECITALS

WHEREAS, the City has 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 (the “Redevelopment Project”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and the Authority and the City have approved a Tax Increment Financing Plan for the TIF District; 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 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; and

WHEREAS, pursuant to the authority conferred by Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, as amended (collectively, the “Act”), and a resolution adopted by the City Council of the City on September 17, 2019 (the “Series 2019A Bond Resolution”), the City issued its 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 certain public redevelopment costs made to 12th Avenue in the City and to pay costs of issuing the Series 2019A Bonds; and

WHEREAS, the City and the Authority entered into the Original Agreement, relating to the payment of principal of and interest on the Series 2019A Bonds and providing for the pledge of tax

increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Series 2019A Bonds; and

WHEREAS, pursuant to the authority conferred by the Act and a resolution adopted by the City Council of the City on June 2, 2020 (the “Series 2020A Bond Resolution”), the City issued its 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 public redevelopment costs incurred by the City in the Redevelopment Project, including public improvements to Unbridled Avenue in the City, and to pay costs of issuing the Series 2020A Bonds; and

WHEREAS, the City and the Authority entered into a First Amendment to Tax Increment Pledge Agreement, dated July 2, 2020 (the “First Amendment to Pledge Agreement”), which amended the Original Pledge Agreement, relating to the payment of principal of and interest on the Series 2020A Bonds and providing for the pledge of tax increment revenues generated from the TIF District to secure the payment of principal of, premium, if any, and interest on the Series 2020A Bonds; and

WHEREAS, pursuant to the authority conferred, in part, by the Act and a resolution adopted by the City Council of the City on April 19, 2022 (the “Series 2022A Bond Resolution”), the City will issue its General Obligation Bonds, Series 2022A (the “Series 2022A Bonds”), in the original aggregate principal amount of \$10,000,000; and

WHEREAS, a portion of the Series 2022A Bonds in the principal amount of \$5,910,000 (the “Series 2022A TIF Bonds”) will be used to finance and reimburse additional public redevelopment costs, including the projects that are reimbursable with tax increment from the TIF District and described in Exhibit C attached to the TIF Contract, and to pay the costs of issuance of the Series 2022A TIF Bonds (the “Additional Project Costs”); and

WHEREAS, pursuant to a resolution adopted by the Board of Commissioners of the Authority (the “Board”) on March 15, 2022, the Authority has agreed to pledge tax increment revenues attributable to the TIF District to the City to secure the payment of principal of, premium, if any, and interest on the Series 2022A TIF Bonds; and

WHEREAS, pursuant to Section 469.178, subdivision 2 of the TIF Act, any agreement to pledge tax increment revenues must be made by written agreement by and between the Authority and the City and must be filed with the County Auditor of Scott County, Minnesota (the “County”).

NOW, THEREFORE, the City and the Authority mutually agree to the following:

- (1) The City will issue the Series 2022A TIF Bonds in accordance with the Series 2022A Bond Resolution.
- (2) The proceeds from the sale of the Series 2022A TIF Bonds will be used to finance the Additional Project Costs.
- (3) The Authority hereby pledges ninety percent (90%) of the tax increment revenues generated by the property in the TIF District and received by the Authority (the “Pledged Tax Increments”) to the payment of principal of and interest on the Series 2022A TIF Bonds, subject to the terms of the Original Agreement, as amended by the First Amendment to Agreement and this Second Amendment to Agreement. At least three (3) business days prior to each debt service payment date for the Series 2022A TIF Bonds, there shall be transferred from the account of the TIF District to the Debt Service Fund

maintained by the City for the payment of the Series 2022A TIF Bonds, an amount of Available Tax Increment (as defined below), which when taken together with taxes levied for such purposes in accordance with the Series 2022A Bond Resolution, if any, and amounts to be deposited in the Debt Service Fund for the Series 2022A TIF Bonds, is equal to the principal of and interest on the Series 2022A TIF Bonds to become due on the subject payment date. Any Available Tax Increment in excess of one hundred five percent (105%) of the principal and interest due with respect to the Series 2022A TIF Bonds on any payment date may be retained by the Authority in the account for the TIF District and applied to any costs of the Redevelopment Project in accordance with law, including the payment of principal of, premium, if any, and interest on the Series 2019A Bonds pursuant to the Original Agreement, the payment of principal of, premium, if any, and interest on the Series 2020A Bonds pursuant to the Original Agreement, as amended by the First Amendment to Agreement, and the payment of principal of and interest on the interfund loans (the "Interfund Loans") approved by Resolution No. E2018-002, adopted on February 7, 2018, Resolution No. E2018-019, adopted on September 4, 2018, and Resolution No. E2022-002, adopted on January 4, 2022 (collectively, the "Interfund Loan Resolution").

- (4) Without regard to anything in the Original Agreement, as amended by the First Amendment to Agreement and this Second Amendment to Agreement, to the contrary, Available Tax Increment may be pledged (at the Authority's option on a parity, superior or subordinate basis) to pay principal of and interest on the Series 2022A TIF Bonds and any other obligations issued by the City, including the payment of principal of, premium, if any, and interest on the Series 2019A Bonds pursuant to the Series 2019A Bond Resolution and the payment of principal of, premium, if any, and interest on the Series 2020A Bonds pursuant to the Series 2020A Bond Resolution, by the Authority, including the payment of principal of and interest on the Interfund Loans pursuant to the Interfund Loan Resolution, or by any other public body to finance public redevelopment costs paid or incurred by the Authority in the Redevelopment Project or any other pledge permitted by law. The Authority reserves the right to release all or any portion of Available Tax Increment from the pledge under the Original Agreement, as amended by the First Amendment to Agreement and this Second Amendment to Agreement (including without limitation the release of Available Tax Increment from any specific parcel within the TIF District) to the extent permitted by law, provided that in no event may the Authority reduce the pledge such that Available Tax Increment is reasonably expected to pay less than twenty percent (20%) of principal of and interest on the Series 2019A Bonds, the Series 2020A Bonds, and the Series 2022A TIF Bonds.
- (5) For purposes of the Original Agreement, as amended by the First Amendment to Agreement and this Second Amendment to Agreement, "Available Tax Increment" means, on each February 1 and August 1 (the "Payment Dates") during the term of the Series 2019A Bonds, the Series 2020A Bonds, and the Series 2022A TIF Bonds, ninety percent (90%) of the tax increment attributable to the property in the TIF District which is paid to the Authority by the County in the six (6) months preceding the Payment Date.
- (6) The Second Amendment to Agreement supplements any prior agreements between the City and the Authority with respect to pledges of Available Tax Increment, including but not limited to the Original Agreement and the First Amendment to Agreement.
- (7) An executed copy of this Second Amendment to Agreement shall be filed with the County Auditor of the County pursuant to Section 469.178, subdivision 2 of the TIF Act.

IN WITNESS WHEREOF, the City and the Authority have caused this Second Amendment to Tax Increment Pledge Agreement to be duly executed on their behalf as of the date and year first written above.

CITY OF SHAKOPEE, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

Execution page of the Authority to the Second Amendment to Tax Increment Pledge Agreement, dated as of the date and year first written above.

**ECONOMIC DEVELOPMENT AUTHORITY FOR
THE CITY OF SHAKOPEE, MINNESOTA**

By _____
Its President

By _____
Its Executive Director

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