

ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. E2023-002

RESOLUTION APPROVING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS FOR IMPROVEMENTS TO THE COMMERCIAL
PORTION OF THE RIVER CITY CENTRE

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the “Authority”) is the lessor of the commercial portion of the River City Centre located within a redevelopment tax increment financing district in the City of Shakopee, Minnesota (the “City”) which was created pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”); and

WHEREAS, the Authority has determined to purchase the commercial portion of the River City Centre and undertake certain improvements to the site, including but not limited to exterior building improvements, lighting, and landscaping (collectively, the “Project”), in the estimated principal amount of \$3,126,424; and

WHEREAS, under Section 469.178, subdivision 7 of the TIF Act, the City and the Authority are authorized to advance or loan money from any fund from which such advances may be legally made (each such advance being referred to as an “interfund loan”) in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act; and

WHEREAS, the Authority has proposed to use pooled tax increment funds in the approximate principal amount of \$634,120 and to borrow approximately \$2,492,304 from the Authority’s Administrative Fund established for Tax Increment Financing District No. 18 (“TIF District No. 18”), a redevelopment district within the Minnesota River Valley Housing and Redevelopment Project No. 1, to finance costs of the Project (the “Qualified Project Costs”) on a temporary basis;

WHEREAS, in order to finance the Qualified Project Costs in the amount of up to \$2,492,304, the Authority intends to borrow funds through an interfund loan from the Authority’s Administration Fund established for TIF District No. 18 or any available fund of the Authority or other available sources (the “Interfund Loan”) in accordance with the terms hereof; and

WHEREAS, the Authority intends to reimburse itself for the Qualified Project Costs paid by the Interfund Loan from tax increments derived from the property within TIF District No. 18 or from any other available sources in accordance with the terms of this resolution;

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

1. The Authority approves the use of approximately \$634,120 in pooled tax increment funds to provide financing for a portion of the Qualified Project Costs.

2. The Interfund Loan shall be made in the amount of \$2,492,304 from the Authority's Administration Fund established for TIF District No. 18 (or any other fund designated by the Authority or other available sources).

3. Subject to Section 8 hereof, the Interfund Loan is repayable solely from and to the extent that Available Tax Increment is available. "Available Tax Increment" means, on each Payment Date (as defined herein), all of the tax increment generated in the preceding six (6) months with respect to the property within TIF District No. 18 and remitted to the Authority by Scott County, Minnesota, all in accordance with the TIF Act. Payments on the Interfund Loan are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

4. Provided that there is Available Tax Increment to repay the Interfund Loan, principal and interest (the "Payments") on the Interfund Loan shall be paid semiannually on February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date after the advance of the Interfund Loan. Payments shall continue until the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from TIF District No. 18. Subject to Section 8 hereof, payments on the Interfund Loan will be made in the amount and only to the extent of Available Tax Increment. Payments shall be applied first to accrued interest, and then to unpaid principal.

5. The Interfund Loan shall bear interest at the Authority's then current internal rate of return on the principal amount advanced, accruing from the date of each initial expenditure; provided, however that the maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5% and will not fluctuate.

6. The principal sum and all accrued interest payable under the Interfund Loan is prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under any interfund loan.

7. The Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Section 469.178, subdivision 7 of the TIF Act, and, subject to Section 8 hereof, is a limited obligation payable solely from Available Tax Increment pledged to the payment thereof under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, Scott County, Minnesota. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except, subject to Section 8 hereof, out of Available Tax Increment.

The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

8. In the event that sufficient tax increment revenue is not generated from property within TIF District No. 18, the Authority may repay the difference using any available source or funds.

9. The Authority may amend the terms of the Interfund Loan at any time by resolution of the Board of Commissioners to the extent permissible under law.

Sworn and Executed Under My Hand this _____ day of _____, 2023.

President

Executive Director