

Shakopee River City Centre

Transaction Structure



HELLMUTH & JOHNSON PLLC



The purpose of this meeting is to provide a high-level summary of a process to convert River City Centre to the condominium form of ownership; to establish the Economic Development Authority for the City of Shakopee, Minnesota (the “EDA”) as the owner of Condominium Unit 1, including the commercial space on the first floor of the buildings; and to establish Scott County Community Development Agency (the “CDA”) as the owner of Condominium Unit 2, including the residential apartments on the second and third floors of the buildings and the parking garage.



Current Ownership and Leasing Structure

- A. The EDA generally owns the land.
- B. The CDA constructed the buildings and the CDA owns the buildings, subject to the terms of the Retail Ground Lease and the Residential Ground Lease.
 - 1. Ownership of the retail portion of the buildings will automatically transfer to the EDA upon expiration of the Retail Ground Lease on June 30, 2035.
 - 2. Ownership of the residential portion of the buildings will automatically transfer to the EDA upon expiration of the Residential Ground Lease on February 1, 2037.



Current Ownership and Leasing Structure (continued)

- A. The EDA is the master tenant under the Retail Master Lease. The EDA leases retail space on the first floor of the buildings to commercial tenants.
- B. The CDA leases apartments on the second and third floors of the buildings to residential tenants.



Preparation for Condominium Conversion and Sale of Unit 2

- A. Cure title defects to establish marketable title.
- B. All of the property must be converted to Torrens.
- C. Draft and approve Agreement between the EDA and the CDA regarding termination of leases, condominium conversion, and sale of Unit 2.
 - 1. Purchase price of \$1.00 to the CDA.
 - 2. Include statutory disclosures or waivers.



Preparation for Condominium Conversion and Sale of Unit 2 (continued)

- A. Surveyor must prepare Common Interest Community Plat (also known as a CIC Plat or Condominium Plat).
- B. Draft Condominium governing documents.
 - 1. Articles of Incorporation
 - 2. Declaration
 - 3. Bylaws
- C. Scott County Examiner of Titles must approve Declaration and CIC Plat.
- D. Prepare preliminary annual budget.
- E. Coordinate property and liability insurance.



Simultaneous Closing on Condominium Conversion and Sale of Unit 2

- A. Terminate Retail Ground Lease and Master Retail Lease.
 - 1. Ownership of the retail portion of the building will transfer to the EDA.
 - 2. Retail leases between the EDA and commercial tenants will remain in place, per Section 27.02 of the retail leases.
- B. Terminate Residential Ground Lease.
 - 1. Ownership of the residential portion of the building will transfer to the EDA, but will be transferred back to the CDA by Deed after the Declaration is recorded.



Simultaneous Closing on Condominium Conversion and Sale of Unit 2 (continued)

- A. Record Declaration and CIC Plat of River City Centre Condominium.
- B. Record Deed from the EDA to the CDA for Unit 2, including the residential apartments on the second and third floors of the buildings.
- C. The EDA will retain ownership of Unit 1, including the commercial space on the first floor of the buildings.
- D. Summary: The EDA will own Unit 1, and the CDA will own Unit 2
- E. Each Unit Owner also will own a 50% undivided interest in the Common Elements, including the land
- F. Each Unit Owner will be responsible for 50% of the Common Expenses, except as otherwise provided in the Declaration

Questions?



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