

ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. E2018-002

RESOLUTION APPROVING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH PROPOSED TAX INCREMENT
FINANCING DISTRICT

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the "Authority") and the City of Shakopee, Minnesota (the "City") intend to establish Tax Increment Financing District No. 18 (the "TIF District") within the Minnesota River Valley Housing and Development Project No. 1 pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"), and will adopt a Tax Increment Financing Plan for the purpose of financing certain improvements within the Project.

WHEREAS, the Authority will administer the TIF District; 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 determined to pay for certain administrative costs related to the proposed TIF District (the "Qualified Costs"), which costs may be financed on a temporary basis from City or Authority funds available for such purposes; and

WHEREAS, in order to finance the Qualified Costs, the Authority is requesting that the City provide funds in the amount of \$300,000 to the Authority through an interfund loan (the "Interfund Loan") in accordance with the terms hereof; and

WHEREAS, the Authority intends to reimburse the City for all or a portion of the Qualified Costs from tax increments derived from the property within the TIF District in accordance with the terms of the Interfund Loan Resolution and this resolution; and

WHEREAS, on the date hereof, the City Council of the City approved the Interfund Loan to the Authority in accordance with the terms hereof;

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 Interfund Loan shall be made in the amount of \$300,000 from City's Capital Improvement Fund, or any other fund designated by the City, to the Authority.

2. 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 the TIF District 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.

3. Provided that there is Available Tax Increment to repay the Interfund Loan to the City, 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 the TIF District. 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.

4. The Interfund Loan shall bear interest at the City'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 4.0% and will not fluctuate.

5. 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.

6. 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 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 out of Available Tax Increment. The Authority and the City 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.

7. The Authority may amend the terms of the Interfund Loan at any time by resolution of the Board of Commissioners, with approval by the City Council of the City, to the extent permissible under law.

Sworn and Executed Under My Hand this 6th day of February, 2018.

President

Executive Director