

CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. R2024-091

RESOLUTION CONSENTING TO A COLLATERAL ASSIGNMENT OF
CONTRACT FOR PRIVATE REDEVELOPMENT BETWEEN SHAKOPEE
APARTMENTS, LLC AND A10 CAPITAL, LLC

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the “Authority”) was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Shakopee, Minnesota (the “City”); and

WHEREAS, the City previously established and the Authority administers the Minnesota River Valley Housing and Redevelopment Project No. 1 (the “Project”) located within the City, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and caused to be created a redevelopment plan therefor (the “Redevelopment Plan”); and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) adopted a modification of the Redevelopment Plan and approved a tax increment financing plan, as amended, for Tax Increment Financing District No. 19, a redevelopment district within the Project; and

WHEREAS, the Authority and Gaughan Development LLC, a Minnesota limited liability company (“Gaughan Development”), entered into a Contract for Private Redevelopment, dated July 3, 2018, as amended by the First Amendment to Contract for Private Redevelopment, dated December 18, 2019, as amended by the Second Amendment to Contract for Private Redevelopment, dated October 6, 2020 (collectively, the “Agreement”), pursuant to which the Authority agreed to convey to Gaughan Development, as the redeveloper thereunder, certain property (the “Redevelopment Property”), Gaughan Development agreed to develop thereon approximately 170 market-rate luxury apartment units, including approximately 125 garage parking spaces and approximately 70 surface parking spaces (for a total of approximately 195 parking spaces on the Redevelopment Property, in addition to public street parking), and 3,000 square feet of commercial space (collectively, the “Minimum Improvements”), and the Authority agreed to issue a tax increment revenue note in the maximum principal amount of \$3,750,700 to reimburse Gaughan Development for public redevelopment costs described in the Agreement; and

WHEREAS, pursuant to an Assignment and Assumption of Contract for Private Development, dated November 18, 2020 (the “Assignment of Agreement”), between Gaughan Development, as assignor, Shakopee Apartments, LLC, a Minnesota limited liability company, as assignee (the “Redeveloper”), and the Authority, Gaughan Development assigned to the Redeveloper, and the Redeveloper accepted, the rights and interests of Gaughan Development in the Agreement; and

WHEREAS, A10 Capital, LLC, a Delaware limited liability company (the “Assignee”), has agreed to make a loan to the Redeveloper in the maximum principal amount of \$25,095,000 (the “Loan”) to finance tenant improvements in the Minimum Improvements; and

WHEREAS, as a condition to making the Loan, the Assignee has required the Redeveloper to assign its right, title, and interest in and to the Agreement, along with its rights in various reports, plans, and permits in connection with the Minimum Improvements, to the Assignee; and

WHEREAS, the Assignee has also required that the Redeveloper subordinate the Agreement to the Loan, the documents executed in connection with the Loan, and the rights of the Assignee; and

WHEREAS, there has been presented before the City Council a Collateral Assignment of Contract for Private Redevelopment (the “Collateral Assignment of Agreement”) between the Redeveloper and the Assignee, which sets forth the assignment of the Redeveloper’s interests and rights under the Agreement to the Assignee and the subordination of the Agreement to the Loan, the documents executed in connection with the Loan, and the rights of the Assignee; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Shakopee, Minnesota that:

1. The City Council approves the Collateral Assignment in substantially the form on file in City Hall. The Mayor is hereby authorized and directed to execute and deliver the Collateral Assignment. All of the provisions of Collateral Assignment, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Collateral Assignment shall be substantially in the form on file with the City, which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Mayor, in their discretion, shall determine, and the execution thereof by the Mayor shall be conclusive evidence of such determination.

2. The President of the Authority and the Executive Director are hereby authorized to execute any other documents or certificates deemed necessary to carry out the intention of this resolution.

Sworn and Executed Under My Hand this 18th day of June, 2024.

Mayor

Executive Director

ATTEST:

City Clerk