

CITY OF SHAKOPEE

RESOLUTION NO. R2018-079

RESOLUTION APPROVING TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 19 AND A MODIFIED REDEVELOPMENT PLAN FOR THE MINNESOTA RIVER VALLEY HOUSING AND REDEVELOPMENT PROJECT NO. 1

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

WHEREAS, the Authority and the City have determined to modify the Redevelopment Plan for the Project and approve a new tax increment financing plan (the “TIF Plan”) for Tax Increment Financing (Redevelopment) District No. 19 (the “TIF District”) pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), all as described in a plan document presented to the City Council of the City (the “Council”) on this date; and

WHEREAS, the Authority and the City have identified the need to redevelop land located in the Project which is owned by or will be acquired by the Authority (the “Redevelopment Property”) and have determined that the Redevelopment Property is currently occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and at least 50% of the buildings are structurally substandard requiring substantial renovation or clearance; and

WHEREAS, the Authority and the City intend to enter into a redevelopment agreement with the Gaughan Shakopee LLC (the “Redeveloper”) pursuant to which the Redeveloper proposes to develop approximately 125 market-rate luxury apartment units, including underground parking, and 3,500 square feet of commercial space; and

WHEREAS, pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Board of Education of Independent School District No. 720 and to the Board of Commissioners of Scott County, Minnesota on or about June 1, 2018; and

WHEREAS, the modified Redevelopment Plan and the TIF Plan were, in accordance with the HRA Act and TIF Act, referred to the Planning Commission of the City (the “Planning Commission”), and the Board of the Planning Commission adopted a resolution on June 7, 2018, which found that the modified Redevelopment Plan and TIF Plan conform to the general plan for the development of the City as a whole; and

WHEREAS, on the date hereof, the Board of Commissioners of the Authority approved the modified Redevelopment Plan and TIF Plan and referred them to the Council for public hearing and consideration; and

WHEREAS, this Council has reviewed the contents of the modified Redevelopment Plan and the TIF

Plan and on this date conducted a duly noticed public hearing thereon, at which the views of all interested parties were heard;

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

Section 1. Findings; Project.

1.01. It is hereby found and determined that within the Project there exist conditions of economic obsolescence, underutilization, and inappropriate uses of land constituting blight within the meaning of the HRA Act. The findings stated in the modified Redevelopment Plan are incorporated herein by reference.

1.02. It is further specifically found and determined that:

(a) the land within the Project would not be made available for redevelopment without the public intervention and financial assistance described in the Redevelopment Plan;

(b) the modified Redevelopment Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the Project by private enterprise; and

(c) the modified Redevelopment Plan conforms to the general plan for development of the City as set forth in the comprehensive municipal plan.

Section 2. Findings; TIF District.

2.01. It is found and determined that it is necessary and desirable for the sound and orderly development of the Project, and for the protection and preservation of the public health, safety, and general welfare, that the authority of the TIF Act be exercised by the City to provide financial assistance to the TIF District and the Project.

2.02. It is further found and determined, and it is the reasoned opinion of the City, that the development proposed in the TIF Plan could not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value expected to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

2.03. The proposed public improvements to be financed in part through tax increment financing are necessary to permit the City to realize the full potential of the TIF District and the Project in terms of redevelopment of blighted property, development intensity, and tax base.

2.04. The TIF Plan conforms to the general plan for development of the City as a whole.

2.05. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the TIF District and the Project by private enterprise.

2.06. The TIF District is a redevelopment district under Section 469.174, subdivision 10 of the TIF Act.

2.07. Reasons and facts supporting all the above findings are set forth in the TIF Plan and are incorporated herein by reference. The Council has also relied upon reports and recommendations of its staff and consultants, as well as the personal knowledge of members of the Council, in reaching its conclusions

regarding the TIF Plan.

Section 3. Public Purpose. The adoption of the modified Redevelopment Plan and the TIF Plan conforms in all respects to the requirements of the TIF Act. The modified Redevelopment Plan and the TIF Plan will help facilitate redevelopment that will create additional market rate rental housing, create new commercial uses, and improve the tax base. The City expressly finds that any private benefit to be received by the Redeveloper is incidental, as the tax increment assistance is provided solely to make the redevelopment financially feasible and thus produce the public benefits described. Therefore, the City finds that the public benefits of the modified Redevelopment Plan and the TIF Plan exceed any private benefits.

Section 4. Approvals; Further Proceedings.

4.01. The modified Redevelopment Plan and the TIF Plan for the TIF District are hereby approved and adopted in substantially the forms on file at City Hall.

4.02. The Authority is authorized and directed to file a request for certification of the TIF District with the County Auditor of Scott County and to file a copy of the modified Redevelopment Plan and TIF Plan with the Minnesota Commissioner of Revenue as required by the TIF Act.

Approved by the City Council of the City of Shakopee this 3rd day of July, 2018.

Mayor

ATTEST:

City Clerk