

ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. E2018-027

RESOLUTION AMENDING AND RESTATING RESOLUTION
NO. 17-3 AND AUTHORIZING INTERFUND LOAN FOR ADVANCE
OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT
FINANCING DISTRICT NO. 20

WHEREAS, the City of Shakopee, Minnesota (the “City”) has established the Minnesota River Valley Housing and Redevelopment Project No. 1 (the “Project”) in an area located in the City, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Tax Increment Financing District No. 20 (the “TIF District”), a redevelopment district, within the Project, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”); and

WHEREAS, the City has transferred control, authority, and operation of the Project to the Authority; and

WHEREAS, the Authority may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from available Authority funds.

WHEREAS, under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act; and

WHEREAS, on September 19, 2017, the City Council of the City adopted a resolution (the “Original Interfund Loan Resolution”) authorizing the City to loan funds from its General Fund to pay for certain costs of demolition of substandard buildings within the TIF District, costs of environmental remediation, and administrative costs (the “Qualified Costs”), in an amount of up to \$300,000 (the “Original Interfund Loan”), which accrues interest at the rate of 4.0% per annum; and

WHEREAS, pursuant to the Original Interfund Loan Resolution and Resolution No. 17-3 adopted by the Board of Commissioners of the Authority (the “Board of Commissioners”) on September 19, 2017 (the “Original Interfund Loan Approval Resolution”), the Authority agreed to reimburse the City for the Original Interfund Loan from tax increment revenue derived from the property within the TIF District, which tax increments would then be transferred to the City’s General Fund;

WHEREAS, the Authority proposes to enter into a Contract for Private Redevelopment (the “Agreement”) with Enclave Development, LLC, a North Dakota limited liability company (the “Redeveloper”), pursuant to which the Authority will convey certain parcels of property (the “Redevelopment Property”) located within the TIF District to the Redeveloper, and the Redeveloper will agree to develop approximately 80 market-rate apartment units, including underground parking, and approximately 1,500 square feet of retail and restaurant space (the “Minimum Improvements”); and

WHEREAS, pursuant to the Agreement, the Redeveloper will also agree to make certain public improvements, and the Authority has proposed to grant the Redeveloper funds in an amount of up to \$2,132,400 (the “Redevelopment Grant”) for the costs of site improvements, public infrastructure, a parking

structure, and demolition and remediation costs related to the Minimum Improvements and other costs eligible to be reimbursed with tax increment; and

WHEREAS, on the date hereof, the City will consider amending and restating the Original Interfund Loan Resolution to amend the interest rate of the Interfund Loan and to provide that advances of the Original Interfund Loan may be made from and reimbursed to the City's Sanitary Sewer and/or Storm Drainage Fund, or any other fund designated by the City; and

WHEREAS, on the date hereof, the City will also consider advancing or loaning money from its Sanitary Sewer and/or Storm Drainage Fund or any other City fund to the Authority in an amount of up to \$2,132,400 to finance the Redevelopment Grant (the "Grant Interfund Loan"); and

WHEREAS, the Original Interfund Loan and the Grant Interfund Loan shall be referred to herein as the "Interfund Loan" and will be in the maximum principal amount of \$2,432,400; and

WHEREAS, the Authority intends to reimburse the City for the Interfund Loan from tax increment derived from the property within the TIF District 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 that:

1. The Original Interfund Loan Approval Resolution is hereby amended and restated to incorporate the terms provided herein.

2. The terms of the Interfund Loan shall be those set forth in the resolution to be adopted by the City Council of the City on the date hereof (the "City Resolution").

3. The Interfund Loan is repayable solely from and to the extent that Tax Increment is 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 shall be on parity with any outstanding or future interfund loans secured in whole or in part with Tax Increment.

4. Provided that there is 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 Tax Increment. Payments shall be applied first to accrued interest, and then to unpaid principal.

5. The Interfund Loan shall bear interest at 3.0%.

6. Pursuant to the City Resolution, the City may at any time determine to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

7. The Authority may from time to time amend the terms of this resolution, including amendments to the terms of and the Interfund Loan entered into under this resolution. However, the President and the Executive Director may initiate, prepay, terminate, or modify the terms of the Interfund

Loan authorized under this resolution without further action by the Board of Commissioners, so long as such actions are consistent with the terms for the Interfund Loan described in this resolution.

8. Authority staff and officials are hereby authorized and directed to execute any documents and take any other actions necessary to carry out the intent of this resolution.

9. This resolution is effective upon the adoption of the City Resolution by the City and the execution in full of the Agreement.

Sworn and Executed Under My Hand this 19th day of December, 2018.

President

Executive Director