ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO.E2019-011

RESOLUTION APPROVING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH GAUGHAN REDEVELOPMENT PROJECT

WHEREAS, the Economic Development Authority for the City of Shakopee, Minnesota (the "Authority") has entered into a Contract for Private Development (the "Contract") with Gaughan Development LLC, a Minnesota limited liability company (the "Developer"), pursuant to which the Developer will construct approximately 125 market-rate apartment units, including at least 125 underground parking units, and 3,500 square feet of commercial space on certain property in the City of Shakopee (collectively, the "Project");

WHEREAS, the Authority has entered into a purchase agreement with William J. Strunk to purchase property located at 303 First Avenue West, Shakopee, Minnesota and legally described as follows:

> The South ½ of Lot 5, Block 7, CITY OF SHAKOPEE, according to the recorded plat thereof on file in the office of the County Recorder, in and for Scott County, Minnesota;

WHEREAS, the Authority has entered into a purchase agreement with Barbara Jo Curry to purchase property located at 303 First Avenue West, Shakopee, Minnesota and legally described as follows:

> The North ½ of Lot 5, Block 7, CITY OF SHAKOPEE, according to the recorded plat thereof on file in the office of the County Recorder, in and for Scott County, Minnesota;

WHEREAS, the Authority proposes to purchase the properties legally described above (the "Property") and intends to convey the Property to the Developer for the purposes of expanding the Project to 175 market-rate apartment units;

WHEREAS, the Authority has requested a loan from the City in order to purchase the Property in the maximum amount of $500,000.00; and

WHEREAS, the City of Shakopee (the "City") has agreed to loan funds from its General Fund, or any other fund designated by the City, to the Authority to finance the acquisition of the Property (the "Interfund Loan") in accordance with the terms of this resolution; and

WHEREAS, the Authority proposes to convey the Property to the Developer at the time of the Developer's financial closing for the Project and at the time of conveyance, the Developer will

enter into an amendment to the Contract that requires the Developer to pay the principal of and interest on the Interfund Loan from proceeds of a loan provided by its lender for the Project;

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 Authority hereby authorizes the advance of up to $500,000 from the City's General Fund, or from any other fund designated by the City, or so much thereof as may be paid as necessary to acquire the Property. The terms of the Interfund Loan shall be those set forth in the resolution to be adopted by the City Council on the date hereof.

2. The interest on the Interfund Loan shall accrue commencing August 1, 2019 (the date the Property is purchased).

3. The Interfund Loan is payable solely from payments made by the Developer upon conveyance of the Property to the Developer. The Borrower intends to obtain financing for the Project from a lender and close on that financing on or prior to April 1, 2020. On the date of its financial closing, the Borrower will use a portion of the proceeds of such financing to pay the principal of and interest on the Interfund Loan in full. If the Borrower does not pay the principal of and interest on the Loan on or before May 31, 2020, the interest rate on the Loan shall increase to 5%.

5. 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.

6. 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.

7. This resolution shall be in full force and effect from and after its approval.

Sworn and Executed Under My Hand this 16th day of July, 2019.

_____
President

_____
Executive Director