

**CITY OF SHAKOPEE, MINNESOTA**

**RESOLUTION NO.R2019-080**

**RESOLUTION GRANTING A PROPERTY TAX ABATEMENT  
FOR CERTAIN PROPERTY IN THE CITY OF SHAKOPEE**

BE IT RESOLVED by the City Council (the “City Council”) of the City of Shakopee, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. KEB America, LLC, a Minnesota limited liability company, or any of its affiliates (the “Developer”), has proposed to equip and construct an expansion of its existing building consisting of approximately 68,900 additional square feet to be used for manufacturing, office, and warehouse space (the “Minimum Improvements”) on real property (the “Property”) located in the City.

1.02. Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 (the “Abatement Act”), the City has determined a need to grant a property tax abatement on the Property (the “Abatement”) to the Developer in order to finance a portion of the costs of constructing and equipping the Minimum Improvements.

1.03. The Abatement proposed to be provided to the Developer by the City to help finance the Minimum Improvements constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995 (the “Business Subsidy Act”).

1.04. The City Council has reviewed information concerning the above-referenced Minimum Improvements.

1.05. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement proposed to be granted by the City, as well as the business subsidy to be provided to the Developer. The views of all interested persons were heard and considered at the public hearing.

1.06. The City intends to enter into a Contract for Private Development (the “Contract for Private Development”) with the Developer, which shall set forth the terms of the Abatement and other financial assistance proposed to be provided by the City to the Developer.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement, (b) the development to be facilitated by the Abatement will likely encourage additional development within the area, and (c) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the City’s tax base and provide additional employment opportunities in the City.

2.04. It is further specifically found and determined that the Abatement is expected to result in the following public benefits:

- (a) Creation of an estimated \$7,500,000 increase in market value for property tax purposes, which will be available to all taxing jurisdictions after expiration of the Abatement (commencing in 2030); and
- (b) Provision an estimated 34 new jobs to the City.

### Section 3. Actions Ratified; Abatement Approved

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this Resolution in accordance with the Abatement Act and the Business Subsidy Act.

3.02. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

- (a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the tax capacity increase resulting from the Minimum Improvements constructed on the Property, excluding the tax capacity of the land and the existing building (in the amount of \$4,832,800, as established in tax payable year 2019) and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.
- (b) The Abatement will be paid by the City to the Developer on the dates and in accordance with all the terms and conditions of the Contract for Private Development.
- (c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year exceed the greater of 10% of the net tax capacity of the City for that year or \$200,000 (the "Abatement Cap"). The City may grant other abatements permitted under the Abatement Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this Resolution.
- (d) The Abatement will have a maximum term of nine years and shall be collected in the years 2021 through 2029.
- (e) In no event shall the total payments of Abatement to the Developer exceed \$289,263 or continue to be paid for more than nine years.
- (f) The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Contract for Private Development.
- (g) In accordance with Section 469.1815 of the Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Resolution.

(h) The City makes no warranties or representations regarding the amount or availability of the Abatement.

(i) The Abatement shall be provided to the Developer pursuant to the terms and conditions of the Contract for Private Development, as approved by the City Council.

Section 4. Restrictions on Abatement. The Abatement granted pursuant to this Resolution shall not commence until the City and Developer mutually agree on the terms and conditions of a Contract for Private Development and execute the Contract for Private Development.

Section 5. Effective Date. This Resolution is effective upon execution in full of the Contract for Private Development.

Approved by the City Council of the City of Shakopee, Minnesota this 16<sup>th</sup> day of July, 2019.

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Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## **EXHIBIT A TO ABATEMENT RESOLUTION**

### **PROPERTY**

Lot 2, Block 1, Valley Park 7<sup>th</sup> Addition, according to the plat of Shakopee City, on file and of record in the office of the Register of Deeds in and for Scott County, Minnesota

[confirm legal description is accurate]