

ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA

RESOLUTION NO. E2020-010

RESOLUTION APPROVING THIRD AMENDMENT TO CONTRACT
FOR PRIVATE REDEVELOPMENT WITH GAUGHAN
DEVELOPMENT LLC AND AN ASSIGNMENT AND ASSUMPTION
OF CONTRACT FOR PRIVATE REDEVELOPMENT WITH
GAUGHAN DEVELOPMENT LLC AND SHAKOPEE APARTMENTS,
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 has 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 has caused to be created a Redevelopment Plan (the “Redevelopment Plan”) therefor; and

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

WHEREAS, the Authority and the City have identified the need to redevelop land located in the Project (the “Redevelopment Property”), which is owned by the Authority; and

WHEREAS, the Authority and Gaughan Development LLC, a Minnesota limited liability company, as the redeveloper (“Gaughan”), executed a Contract for Private Redevelopment, dated July 3, 2018 (the “Original Agreement”), pursuant to which Gaughan agreed to acquire the Redevelopment Property and develop approximately 125 market-rate luxury apartment units, including underground parking, and 3,500 square feet of commercial space (the “Minimum Improvements”); and

WHEREAS, the Authority and Gaughan executed a First Amendment to Contract for Private Redevelopment, dated December 18, 2019 (the “First Amendment to Agreement”), pursuant to which Gaughan agreed to develop an additional 50 units of market-rate luxury apartments as part of the Minimum Improvements and to acquire from the Authority additional parcels (the “Additional Parcels”) as part of the Redevelopment Property on which the Minimum Improvements will be constructed; and

WHEREAS, the Authority and Gaughan executed a Second Amendment First Amendment to Contract for Private Redevelopment, dated July 21, 2020 (the “Second Amendment to Agreement,” and collectively with the First Amendment to Agreement and the Original Agreement, the “Agreement”), pursuant to which Gaughan agreed to comply with the provisions of the DEED Grant and the Met Council Grant; and

WHEREAS, the Authority and Gaughan have proposed to amend the Agreement to provide for the Authority to cause the demolition of the structures located at 303 1st Avenue West, 313 1st Avenue

West, and 116 Atwood St. North and for Gaughan to pay the Authority for the costs of the demolition and to provide for the Authority to use proceeds of the Met Council Grant for purposes of remediating asbestos as part of the demolition of the structures; and

WHEREAS, the Third Amendment also provides for the Redeveloper under the Agreement to enter into a Minimum Assessment Agreement to ensure there is sufficient tax increment to reimburse the Authority for the purchase price of properties the Authority agreed to purchase for the Minimum Improvements; and

WHEREAS, there has been presented before the Board a Third Amendment to Contract for Private Redevelopment (the "Third Amendment to Agreement") proposed to be entered into between the Authority and Gaughan, which sets forth the proposed amendments to the Agreement; and

WHEREAS, subsequent to the execution and delivery of the Third Amendment to Agreement, Gaughan will assign its rights and obligations under the Agreement to Shakopee Apartments, LLC, a Minnesota limited liability company (the "Assignee"), and the Assignee will assume the rights and obligations of Gaughan as the Redeveloper under the Agreement, including but not limited to the development of the Minimum Improvements; and

WHEREAS, there has also been presented before the Board an Assignment and Assumption of Contract for Private Redevelopment (the "Assignment and Assumption Agreement") proposed to be entered into between Gaughan, as assignor, the Assignee, and the Authority, which sets forth the assignment by Gaughan and the assumption by the Assignee of the rights and obligations of the Redeveloper under the Agreement; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority for the City of Shakopee, Minnesota that:

1. The Board approves the Third Amendment to Agreement and the Assignment and Assumption Agreement in substantially the forms on file in City Hall. The President and Executive Director are hereby authorized and directed to execute and deliver the Third Amendment to Agreement and the Assignment and Assumption Agreement. All of the provisions of Third Amendment to Agreement and the Assignment and Assumption Agreement, 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 Third Amendment to Agreement and the Assignment and Assumption Agreement shall be substantially in the forms on file with the Authority which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the President and the Executive Director, in their discretion, shall determine, and the execution thereof by the President and the Executive Director shall be conclusive evidence of such determination.

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

3. The Authority staff is authorized to combine the Original Agreement with all of the amendments approved by the Board and the terms of the Assignment and Assumption Agreement into an amended and restated agreement. The President and Executive Director are hereby authorized and directed to execute and deliver such amended and restated agreement.

Sworn and Executed Under My Hand this 1st day of September, 2020.

President

Executive Director

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