

# City Council Item

March 13, 2023



<b>Item</b>	Resolution 2023-XX: Authorize the Issuance of Pay-As-You-Go Tax Increment Financing Note 2023A for TIF 12	
<b>File No.</b>		<b>Item No:</b> B.2
<b>Agenda Section</b>	<b>7:00 P.M. - ECONOMIC DEVELOPMENT AUTHORITY MEETING</b>	
<b>Prepared By</b>	Kelly Grinnell, Finance Director	
<b>Reviewed By</b>	Laurie Hokkanen	

## **SUGGESTED ACTION**

"The Chanhassen Economic Development Authority adopts a Resolution Authorizing the Issuance of, and Providing the Form, Terms, Covenants, and Directions for the Issuance of its Taxable Tax Increment Revenue Note, Series 2023A in an Aggregate Principal Amount not to Exceed \$3,065,000."

<b>Motion Type</b>	Simple Majority Vote of members present
<b>Strategic Priority</b>	N/A

## **SUMMARY**

The Chanhassen EDA approved the establishment of Tax Increment Financing (TIF) District 12 in March 2021. The EDA then entered into a TIF agreement (the "Agreement") with Lakes at Chanhassen, LLC (the "Developer") to construct a 110-unit, mixed-income, senior housing apartment building at 1361 Lake Drive West (the "Project"). Based on the funding gap that existed between the anticipated development costs and private financing available, the EDA agreed to issue a TIF note in an amount of up to \$3,065,000 to reimburse a portion of the affordable housing costs incurred with the Project.

The agreement had several requirements for the Developer to meet before the issuance of the note. The city's (EDA's) attorney and Ehlers (city financial consultant) have reviewed the documents provided by the Developer and have found the Developer has met the requirements to issue the note.

The TIF Note is payable only from 90% of the actual tax increment Chanhassen receives from the property's future tax settlements. The first settlement is expected to be received in 2023. The Note is structured as a principal-only note, as the interest rate is set at 0%. Payments are conditioned on the Project continuing to meet the affordability restrictions imposed with the Agreement and Restrictive Covenant.

As long as the Project remains in compliance, the TIF Note will be payable until the earlier of 2042 or the balance has been paid in full.

The action for tonight is to adopt the resolution approving the issuance of the note.

## **BACKGROUND**

## **DISCUSSION**

## **BUDGET**

## **RECOMMENDATION**

Adopt Resolution Authorizing the Issuance of, and Providing the Form, Terms, Covenants, and Directions for the Issuance of its Taxable Tax Increment Revenue Note, Series 2023A in an Aggregate Principal Amount not to Exceed \$3,065,000.

## **ATTACHMENTS**

[Resolution Approving Issuance of TIF Note Series 2023A](#)