

**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. 22-\_\_\_\_\_**

**RESOLUTION AUTHORIZING INTERFUND LOAN FOR  
ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX  
INCREMENT FINANCING DISTRICT NO. 1-14: ARBOR WOOD**

BE IT RESOLVED By the City Council of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1.     Background.

1.01.   On the date hereof, the City Council approved the creation of Tax Increment Financing District No. 1-14: Arbor Wood (the “TIF District”), a redevelopment district within Municipal Development District No. 1 in the City, pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended, and Sections 469.174 through 469.1794, as amended (the “TIF Act”), and a tax increment financing plan therefor.

1.02.   The City may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from legally available City funds.

1.03.   Under Section 469.178, subdivision 7 of the TIF Act, the City 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.

1.04.   The City may incur certain costs related to the TIF District, including certain administrative costs of the TIF district and certain public infrastructure costs related to the TIF District, including but not limited to the construction of sanitary sewer and water improvements consisting of a sanitary sewer main, sanitary sewer lift station stations and watermain relating to the TIF District (collectively, the “Qualified Costs”), in an aggregate amount of up to \$1,200,000, which may be financed on a temporary basis using City funds legally authorized for such purpose, and to reimburse such funds from tax increments from the TIF District when received.

1.05.   In order to finance the Qualified Costs in the amount of up to \$1,200,000, the City intends to borrow funds through an interfund loan from the City’s general balance reserves or any available fund of the City (the “Interfund Loan”) in accordance with the terms hereof; and

1.06.   The City intends to reimburse itself for the Qualified Costs paid by the Interfund Loan from tax increments derived from the property within the TIF District, or from any other available source

1.07    The City intends to designate such advances as an interfund loan in accordance with the terms of this resolution and the TIF Act.

Section 2.     Repayment of Interfund Loan.

2.01.   The City hereby authorizes the advance of up to \$1,200,000 in legally available City funds to pay the Qualified Costs, together with interest at the rate of 4% per annum (the “Interfund Loan”). Interest shall accrue on the principal amount of each advance from the date of such advance. The interest

rate is no more than the greatest of the rate specified under Minnesota Statutes, Sections 270.75 and 549.09, both in effect for calendar year 2022. The interest rate will not fluctuate.

2.02. Principal and interest (the “Payments”) on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a “Payment Date”), commencing on the first Payment Date on which the City has Available Tax Increment (defined below), or on any other dates determined by the Finance Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan will be made solely from Available Tax Increment, defined as tax increment from the TIF District received by the City from Itasca County, Minnesota in the six-month period before any Payment Date. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on a parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this resolution is pre-payable in whole or in part at any time by the City without premium or penalty.

2.05. This resolution is evidence of an internal borrowing by the City in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including without limitation the City. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon which may remain unpaid after the final Payment Date.

2.06. The City may at any time make a determination to forgive all or a portion of the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The City may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

Section 3. Effective Date. This resolution is effective as of the date of its adoption.

Approved this November 28, 2022 by the City Council of the City of Grand Rapids, Minnesota.

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Mayor

ATTEST:

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City Clerk