**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. ______**

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR THE ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 1-18: ELEVATION APARTMENTS PROJECT (A HOUSING DISTRICT)**

WHEREAS, on the date hereof, the City Council of the City of Grand Rapids, Minnesota (the "City") approved the creation of Tax Increment Financing District No. 1-18: Elevation Apartments Project (a housing district) (the "TIF District"), within Municipal Development District No. 1 in the City, pursuant to Minnesota Statutes, Sections 469.124 through 469.133, and Sections 469.174 through 469.1794, both as amended (the "TIF Act"), and a tax increment financing plan therefor; and

WHEREAS, the City may incur certain costs related to the TIF District, which costs may be financed on a temporary basis using legally-available City funds; and

WHEREAS, pursuant to Section 469.178, subdivision 7 of the TIF Act, the City is authorized to advance or loan money from any City or Grand Rapids Economic Development Authority 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; and

WHEREAS, the City may incur certain costs related to the TIF District, including but not limited to certain administrative costs (the "Qualified Costs"), in an amount of up to $10,000 which may be financed on a temporary basis using City funds legally authorized for such purpose (the "Interfund Loan"), and may reimburse such funds from tax increments from the TIF District when received ("Tax Increment"); and

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

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City that:

1. The City hereby authorizes the advance of up to $10,000 in legally available City funds to pay the Qualified Costs, together with interest at the rate stated below, to be reimbursed with Tax Increment. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted; the interest rate shall be 7.00% and will not fluctuate.

2. Principal and interest ( "Payments") on the Interfund Loan shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date on which the City has received Available Tax Increment (defined below), or on any

other dates determined by the City Finance Director, through the date of last receipt of Tax Increment.

3. Payments on the Interfund Loan will be made solely from Tax Increment received by the City from Itasca County, Minnesota in the six-month period before any Payment Date, net of the amount paid under any agreement with a private developer or otherwise pledged to the payment of any obligation (the “Available Tax Increment”). Payments shall be applied first to accrued interest, and then to unpaid principal, unless otherwise specified by the City Finance Director. Interest accruing from the Loan Date will be compounded semiannually on February 1 and August 1 of each year and added to principal, unless otherwise specified by the City Finance Director. 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.

4. The principal sum and all accrued interest payable under the Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty.

5. 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, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. 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 termination or expiration of the TIF District.

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

7. 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.

8. This resolution is effective as of the date of its adoption.

Approved this 27th day of July, 2026, by the City Council of the City of Grand Rapids, Minnesota.

____________________________________

Mayor

ATTEST:

____________________________________
City Clerk