**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. _____________**

**AUTHORIZING INTERNAL LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH A TAX INCREMENT FINANCING DISTRICT FOR CARGILL & STEFFENSON PROPERTY**

WHEREAS, the City of Grand Rapids, Minnesota (the "City") and the Grand Rapids Economic Development Authority (the "Authority") are considering establishing a tax increment financing district in the City (the "TIF District"), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); and

WHEREAS, the City and the Authority may incur certain costs related to the TIF District which costs may be financed on a temporary basis from available City or Authority funds; and

WHEREAS, pursuant to Section 469.178, subdivision 7 of the TIF Act, the City and the Authority are 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; and

WHEREAS, the City and the Authority have determined to pay for certain costs of the proposed TIF District including acquisition of property from Cargill & Steffenson Properties, LLC (the "Cost Advances") which costs may be financed on a temporary basis from any City or Authority funds available for such purposes as an interfund loan pursuant to Section 469.178, subdivision 7 of the TIF Act; and

WHEREAS, the City hereby designates the Cost Advances as an interfund loan in accordance with the terms of this resolution and the TIF Act; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Grand Rapids, Minnesota as follows:

1. The City will reimburse itself or the Authority for the Costs Advances described herein in an aggregate amount not to exceed the greater of $70,000 or the adopted and, if applicable, Tax Increment Financing Plan budget for the TIF District (the "Interfund Loan") together with interest at the rate stated below. 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 or 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 7.0% and will not fluctuate.

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

3. Payments on the Interfund Loan will be made solely from the tax increment from the TIF District received by the Authority or the City from Itasca County, Minnesota in the 6-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 Director of Finance. 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 Director of Finance. 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 this resolution is pre-payable in whole or in part at any time by the Authority without premium or penalty.

5. This resolution is evidence of an internal borrowing by the Authority or 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 Authority or 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. Neither the Authority nor the City shall have any 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 Authority or the City, as applicable, may at any time decide to forgive the outstanding principal amount and accrued interest on the Interfund Loan, in whole or in part, on any date from time to time, 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.

Approved by the City Council of the City of Grand Rapids, Minnesota this ___ day of __________, 2026.

_______________________________________
Mayor

ATTEST:

_______________________________________
City Clerk