

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MARSHALL, MINNESOTA**

RESOLUTION NUMBER 22-_____

**RESOLUTION AUTHORIZING INTERNAL LOAN
FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH
TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-15**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “Authority”) previously established Redevelopment Project No. 1 (the “Redevelopment Project”) located within the City of Marshall, Minnesota (the “City”) and created a Redevelopment Plan (the “Redevelopment Plan”) therefor, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended; and

WHEREAS, on the date hereof, the Authority approved a modification to the Redevelopment Plan and approved a tax increment financing plan (the “TIF Plan”) for Tax Increment Financing (Redevelopment) District No. 1-15 (the “TIF District”), a redevelopment district to be established within the Redevelopment Project, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”); and

WHEREAS, the City Council of the City is expected to adopt a resolution on April 12, 2022, approving the modification of the Redevelopment Plan and the TIF Plan for the TIF District, in accordance with the TIF Act; and

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

WHEREAS, under Section 469.178, subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance, on a temporary basis, costs eligible to be reimbursed from tax increment under the TIF Act; and

WHEREAS, the Authority has determined to pay for certain tax increment eligible expenditures related to the proposed TIF District (the “Qualified Costs”), which costs may be financed on a temporary basis from Authority funds available for such purposes; and

WHEREAS, the Authority intends to reimburse itself for the Qualified Costs from tax increments derived from the property within the TIF District (the “Interfund Loan”) in accordance with the terms of this resolution; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota that:

1. The Authority shall reimburse itself for the Qualified Costs in the amount of up to \$[] (including without limitation out-of-pocket administrative expenses incurred prior to or after the date hereof in an amount up to \$[] and other project costs, including without limitation the cost of the acquisition of the property within the TIF District, in an amount up to \$399,999), 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 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 4.0% 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 Authority has Available Tax Increment (defined below), or on any other dates determined by the Executive Director of the Authority, through the date of last receipt of tax increment from the TIF District.

3. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Executive Director of the Authority, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Lyon County, Minnesota, all in accordance with the TIF Act. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the Authority and secured in whole or in part with Available Tax Increment. The Interfund Loan shall be paid prior to any pay-as-you-go notes or contracts secured in whole or in part with Available Tax Increment, and 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 Interfund Loan are prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

5. This Interfund Loan is evidence of an internal borrowing by the Authority 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. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on this 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 Authority 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.

6. The Authority may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

7. The Authority 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, however, 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 upon the approval of the modification of the Redevelopment Plan and the approval of the TIF Plan for the TIF District by the City.

Adopted by the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota this 12th day of April, 2022.

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
MARSHALL, MINNESOTA**

Robert J. Byrnes
Chair

Attest:

Sharon Hanson
Executive Director