

**CITY OF PIPESTONE
PIPESTONE COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION 2025-13

RESOLUTION AMENDING AND RESTATING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 1-13.

BE IT RESOLVED by the City Council (the "Council") of the City of Pipestone, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 1-13 (the "TIF District") within the Pipestone Economic Development Project (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City previously determined and approved the payment of certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

1.05 On June 19, 2017, the City adopted Resolution 2017-33, "A Resolution Authorizing an Interfund Loan for Advance of Certain Costs in Connection with Tax Increment Financing District No. 1-13, an interfund loan resolution costs in connection with the TIF District.

1.06. Resolution 2017-33 did not include the amount of funds authorized for the interfund loan, and therefore, the City has determined it beneficial to restated and amend Resolution 2017-33 in order to clarify the amount authorized for the interfund loan and reimbursement.

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$250,000 from the General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances 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 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on December 31 (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 City Administrator, through the date of last receipt of tax increment from the TIF District.

2.03. 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 City Administrator, generated in the preceding twelve (12) months with respect to the property within the TIF District and remitted to the City by Pipestone County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. 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 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 Interfund Loan are pre-payable in whole or in part at any time by the City 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.

2.05. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, 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 City. 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 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 amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: February 3, 2025

ATTEST:

Dan Delaney, Mayor

Deb Nelson, City Administrator