

**CITY OF PRINCETON**

**RESOLUTION NO. 20-54**

**AUTHORIZING INTERFUND LOAN FOR  
ADVANCE OF CERTAIN COSTS  
IN CONNECTION WITH TAX INCREMENT  
FINANCING DISTRICT NO. 9-2**

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

Section 1. Background.

1.01. The City has established Tax Increment Financing District No. 9-2 (the “TIF District”) within the Development District No. 9 (the "Development District") pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”) and Sections 469.124 to 469.134, as amended.

1.02. Subject to the approval by the City Council, the City may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from 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 has determined that it may be necessary to finance up to \$50,000 in administrative costs associated with the TIF District (the “Administrative Costs”) using City funds legally authorized for such purpose, and to reimburse such funds from tax increments from the TIF District when received.).

1.05. Accordingly, the City hereby designates the payment of the Administrative Costs, 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 \$50,000 in legally available City funds to pay the Administrative Costs, together with interest at the rate of 3% 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, Section 270C.40 and Section 549.09, both in effect for calendar year 2018, and will not be adjusted..

2.02. Principal and interest ("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 City Administrator, 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, which is defined as 10% of tax increment from the TIF District received by the City from Mille Lacs County, Minnesota in the six-month period before any Payment Date. Payments shall be applied first to accrued interest, and then to unpaid principal. Simple interest will accrue from the Closing Date, unless otherwise specified by the City Administrator.

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 or the Authority without premium or penalty.

2.05. This resolution is evidence of an internal borrowing by the Authority and 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 and 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 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. subd. 7 of the TIF Act.

Section 3. Effective Date. This resolution is effective upon approval.

Adopted by the City Council of the City of Princeton, Minnesota, this \_\_\_\_ day of

September, 2020.

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Mayor

ATTEST:

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City Clerk