

EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY  
OF CANNON FALLS, MINNESOTA

HELD: May 16, 2017

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Cannon Falls, Goodhue County, Minnesota, was duly called and held on the 16th day of May, 2017, at 6:30 p.m.

The following members of the Council were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING PROPOSED ESTABLISHMENT OF  
TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 2-7 WITHIN  
DEVELOPMENT DISTRICT NO. 2 AND APPROVING THE TAX INCREMENT  
FINANCING PLAN THEREFOR**

**RESOLUTION NUMBER 2277**

WHEREAS:

A. The City of Cannon Falls, Minnesota (the "City") has previously created Development District No. 2 (the "Development District") and adopted a Development Program, as amended, therefor (the "Development Program"), pursuant to and in accordance with Minnesota Statutes, Sections 469.124 through 469.133, both inclusive, as amended; and

B. It has been proposed that the City establish Tax Increment Financing (Redevelopment) District No. 2-7 within Development District No. 2 (the "TIF District"), and adopt a Tax Increment Financing Plan relating thereto (the "TIF Plan"), pursuant to Minnesota Statutes, Sections 469.174 through 469.179, both inclusive, as amended (the "TIF Act"); and

C. The City Council has investigated the facts and has caused to be prepared the TIF Plan; and

D. The City has performed all actions required by law to be performed prior to the approval of the establishment of the TIF District therein and the TIF Plan therefor, including, but not limited to notification of Goodhue County and Independent School District No. 252 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Cannon Falls as follows:

1. TIF District No. 2-7. There is hereby established in the City within the Development District, Tax Increment Financing (Redevelopment) District No. 2-7 therein, the initial boundaries of which are fixed and determined as described in the TIF Plan.

2. Tax Increment Financing Plan. The TIF Plan is adopted as the Tax Increment Financing Plan for the TIF District, and the City Council makes the following findings:

(a) The TIF District is an redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10, the specific basis for such determination are the reports of the City's building inspector, incorporated herein by reference, with respect to the condition of the building located in the TIF District. The TIF District consists of 1 parcel containing one structurally substandard building. The demolition and clearing of the existing substandard building and the acquisition, construction, and equipping of a local food and commercial center in the City will increase employment in the State, help prevent the emergence of blight and result in the preservation and enhancement of the tax base of the State.

(b) The proposed redevelopment in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The reasons supporting this finding are that:

(i) The Developer has represented to the City that private investment will not finance these development activities because of prohibitive costs. It is necessary to finance these development activities through the use of tax increment financing so that this and other development by private enterprise will occur within the Development District.

(ii) A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in Exhibit V of the TIF Plan, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(c) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons supporting this finding are that:

(i) The estimated amount by which the market value of the site will increase without the use of tax increment financing is \$-0-;

- (ii) The estimated increase in the market value that will result from the development to be assisted with tax increment financing is \$1,538,585 (from \$293,000 to \$1,831,585); and
- (iii) The present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan is \$464,510.
- (d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City of Cannon Falls as a whole. The reasons for supporting this finding are that:
  - (i) The TIF District is properly zoned; and
  - (ii) The TIF Plan will generally compliment and serve to implement policies adopted by the City.
- (e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

3. Public Purpose. The adoption of the TIF Plan for the TIF District therein conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

4. Certification. The Auditor of Goodhue County is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

5. Filing. The City Administrator is further authorized and directed to file a copy of the TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

6. Administration. The administration of the Development District is assigned to the City Administrator who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

7. Interfund Loan. The City has determined to pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd.

7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$465,000 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan ("Payments") shall be paid semi-annually on each April 1 and August 1 commencing with the first April 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Goodhue County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increment.

(d) 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.

(e) The 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 tax increment pledged to the payment hereof under this resolution. The 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 the Interfund Loan or other costs incident hereto except out of 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 the 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 of the TIF District.

(f) The City may amend the terms of the 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.

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

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

**CITY OF CANNON FALLS**

---

Lyman M. Robinson  
Mayor

ATTEST: \_\_\_\_\_  
Ronald S. Johnson  
City Administrator

STATE OF MINNESOTA  
COUNTY OF GOODHUE  
CITY OF CANNON FALLS

I, the undersigned, being the duly qualified and acting Administrator of the City of Cannon Falls, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the establishment of Tax Increment Financing District No. 2-7 therein.

WITNESS my hand this 16th day of May, 2017.

---

City Administrator