

TO: MAYOR AND CITY COUNCIL

FROM: LANELL ENDRES, FINANCE DIRECTOR/ASST CITY ADMIN

SUBJECT: AMENDING RESOLUTIONS FOR INTERFUND LOANS

MEETING DATE: MARCH 19, 2019

BACKGROUND

The City Council previously approved two resolutions establishing the Tax Increment Financing (TIF) districts 2-6 and 2-7. In those resolutions, authorization was given allowing interfund loans from the General Fund to the two TIF funds to cover costs incurred prior to the receipt of the tax increments. The resolutions stated that payments from the TIF funds to the General Fund were to be made twice a year. The amending resolutions will allow the payments to be made once a year at year-end which is in keeping with past interfund loan practices. No other terms of the tax increment financing plans will be changed and these amendments will not impact the recipients of the tax increment payments.

STAFF RECOMMENDATION

Staff recommends the adoption of the two resolutions amending the interfund loans related to the TIF districts.

REQUESTED COUNCIL ACTION

Staff respectfully requests approval of the resolutions amending the interfund loans related to the TIF districts as stated.

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER 2414

**RESOLUTION AMENDING THE INTERFUND LOAN INCLUDED IN
RESOLUTION NUMBER 2241 APPROVING PROPOSED ESTABLISHMENT OF
TAX INCREMENT FINANCING DISTRICT NO. 2-6 WITHIN DEVELOPMENT
DISTRICT NO. 2 AND APPROVING THE TAX INCREMENT FINANCING
PLAN THEREFOR**

- A. WHEREAS, on December 6, 2016, the City Council of the City of Cannon Falls, Minnesota (the “Council”) adopted a resolution (the “Prior Resolution”) which approved the establishment of Tax Increment Financing District No. 2-6 (the “TIF District”); and
- B. WHEREAS, it has heretofore been resolved by the Council to establish an Interfund Loan to the TIF District fund from the General Fund; and
- C. WHEREAS, the terms of the Interfund Loan include principal and interest payments shall be paid semi-annually on each April and August 1 commencing with the first April or August 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 interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment form the TIF District which payments will be made in the amount and only to the extent of available tax increments. That payments shall be applied first to accrued interest, and then to unpaid principal and that the payments on the Interfund Loan are payable solely form the tax increment generated in the preceding six (6) months with respect to the TIF District from Goodhue County; and
- D. WHEREAS, accounting practices are such that Interfund Loans are administered at the end of the City’s fiscal year, which is December 31; and
- E. WHEREAS, the Prior Resolution allows the City to amend the terms of the Interfund Loan at any time by resolution of the Council.

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

- 1. Amendment. The dates and tax increment generated terms of the Interfund Loan are amended as follows:

Principal and interest payments shall be paid annually on **December 31** commencing with the first **December 31** occurring after the date the tax increments from the TIF District are available.

The payments on the Interfund Loan are payable solely form the tax increment generated in the preceding **twelve (12)** months with respect to the TIF District from Goodhue County.

2. Prior Resolution. All other terms and conditions of the Prior Resolution, except as herein amended, shall remain in full force and effect.

ADOPTED by the City Council of Cannon Falls this 19th day of March, 2019.

CITY OF CANNON FALLS

John O. Althoff, Mayor

ATTEST: _____
David Maroney, City Administrator