

TO: HONORABLE MAYOR AND CITY COUNCIL OF CANNON FALLS

FROM: Laura Qualey, Economic Development

SUBJECT: Approving Resolution 2581 Modification #2 to the Keller-Baartman Housing Project

DATE: October 19, 2021

BACKGROUND

The proposed modification to the TIF Plan is requesting an administrative amendment that will adjust amounts between budgetary line items, but not increase the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the TIF District. Construction costs of this project may be financed by TIF because this is allowed for housing TIF districts, whereas in a commercial development TIF plan, only reimbursement for footings and below is allowed. The chart below illustrates the modification. Again, please note that the total tax increment budget was not modified, only what project costs can be reimbursed.

The estimated uses of tax increment revenues from the TIF District are modified as follows:

Project/Financing Costs	Existing Budget	Modified Budget
Land/Building Acquisition	\$ 150,000	\$ 150,000
Site Improvements/Preparation	3,519,248	1,759,624
Construction of Affordable Housing	0	1,759,624
Administrative Costs	728,543	728,543
Total Tax Increment Project Capital Costs	\$4,397,791	\$4,397,791

Pursuant to Section 469.175, subd. 4(b) of the TIF Act, a tax increment financing plan may be modified without public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the portion of the captured net tax capacity to be retained by the City; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

REQUESTED ACTION

The Economic Development Authority respectfully requests a motion to approve Resolution 2581 in support of the modification #2 to the TIF 2-10 agreement.

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

RESOLUTION NUMBER 2581

**RESOLUTION AUTHORIZING ADMINISTRATIVE BUDGET AMENDMENT
(MODIFICATION #2) OF THE TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING DISTRICT NO. 2-10**

BE IT RESOLVED by the City Council (the “Council”) of the City of Cannon Falls, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City previously established its Municipal Development District No. 2 (the “Development District”) pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended (the “Development District Act”) to be coterminous with the City’s corporate limits.

1.02. On August 3rd, 2021, the Council approved a Tax Increment Financing Plan (the “TIF Plan”) for Tax Increment Financing District No. 2-10 (the “TIF District”) located within the Development District pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”).

1.03. Pursuant to Section 469.175, subd. 4(b) of the TIF Act, a tax increment financing plan may be modified without public hearing or the findings required to be made for the original tax increment financing plan if the modification does not include (i) any reduction or enlargement of the geographic area of the project or tax increment financing district; (ii) an increase in the amount of bonded indebtedness; (iii) a determination to capitalize interest on debt if that determination was not a part of the original plan; (iv) an increase in the portion of the captured net tax capacity to be retained by the City; (v) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or (vi) the designation of additional property to be acquired by the authority.

1.04. By this resolution, the City proposes to modify the TIF Plan to adjust amounts between budgetary line items, but not increase the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the TIF District.

Section 2. Findings.

2.01. The estimated uses of tax increment revenues from the TIF District are modified as follows:

Project/Financing Costs	Existing Budget	Modified Budget
Land/Building Acquisition	\$ 150,000	\$ 150,000
Site Improvements/Preparation	3,519,248	1,759,624
Construction of Affordable Housing	0	1,759,624
Administrative Costs	728,543	728,543
Total Tax Increment Project Capital Costs	\$4,397,791	\$4,397,791

2.02. The City Clerk is authorized and directed to file a copy of this resolution with the Minnesota Commissioner of Revenue and the County Auditor as required by the TIF Act.

Adopted by City Council of the City of Cannon Falls this 19th day of October, 2021.

John O. Althoff, Mayor

ATTEST:

Neil L. Jensen, City Administrator