

TO: MAYOR AND CITY COUNCIL

FROM: LAURA QAULEY, ECONOMIC DEVELOPMENT

**SUBJECT: RESOLUTION 2738 FOR INTERFUND LOAN FOR
HARDWOOD ESTATES SUBDIVISION**

MEETING DATE: FEBRUARY 20, 2024

BACKGROUND

The Economic Development Authority has begun the construction of the housing development Hardwood Estates Subdivision for 29 lots. In order to finance the construction and engineering for the housing development, the EDA respectfully sought funds from the City of Cannon Falls. The City Council authorized Professional Service Agreements for the engineering services on February 7th and April 18th, 2023; and on October 3, 2023 the City Council approved Resolution 2706 to enter into a contract with Albrightson Excavating for the construction costs of \$1,245,857.20.

The EDA met on February 1st, 2024 and based on the City Auditor's guidance and recommendation; the EDA board adopted Resolution 2024-001 which determined that advancing funds via an Interfund Loan would be the most feasible method of financing the project. Funds from the City's General Fund (100) will be transferred to the to the EDA's Planning & EDA Fund (235) for project related expenses (*construction plus engineering*). The EDA will reimburse the General Fund at 0% interest over 20 years and at that time the City and EDA will review the terms. Lot sales will be used to repay the principal of the loan, and the loan can be repaid in whole or in part at any time during the loan period.

STAFF RECOMMENDATION

The EDA is requesting the support and authorization of Resolution 2738, establishing the Interfund Loan from the General Fund (100) to the Planning & EDA Fund (235) funds to cover costs incurred for the Hardwood Estates Subdivision.

REQUESTED COUNCIL ACTION

Staff respectfully requests approval of Resolution 2738, establishing the Interfund Loan between the EDA and the City of Cannon Falls related to Hardwood Estates Second Subdivision.

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

RESOLUTION NUMBER 2738

**A RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF FUNDS
TO THE EDA FROM THE CITY OF CANNON FALLS TO FINANCE HARDWOOD
ESTATES**

WHEREAS, the EDA is constructing 29 residential lots called Hardwood Estates Subdivision;

WHEREAS; the construction of Hardwood Estates has been approved by the City Council;

WHEREAS, in order to complete the financing for the project and accounting for the interfund loan; and

WHEREAS; It is found and determined that it is in the best financial interest of the City that the monies be advanced from the General Fund of the City;

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF CANNON FALLS, MINNESOTA:

1. The sum of approximately \$1,245,857.20 plus engineering is transferred in whole or in part from the General Fund (100) to Fund (235).
2. The EDA shall reimburse the General Fund (100) for such advances at 0% interest.
3. The length of the loan shall be 20 years in which after the City and EDA will review the terms.
4. Lot sales will be used to repay the principal of the loan.
5. This interfund loan can be paid in whole or in part at any time during the loan period.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF CANNON FALLS THIS 20th DAY OF FEBRUARY, 2024.

CITY OF CANNON FALLS

Matt Montgomery, Mayor

ATTEST: _____
Neil L. Jensen, City Administrator