

RESOLUTION APPROVING THE TERMS OF UP TO A
\$484,005 INTERFUND LOAN IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 47-1

BE IT RESOLVED by the City Council (the "Council") of the City of Mankato, Minnesota (the "City"), as follows:

Section 1. Background.

(a) The City has heretofore approved the establishment of Tax Increment Financing District No. 47-1 (the "TIF District") within Development District No. 47, and has adopted a tax increment financing plan for the TIF District (the "TIF Plan").

(b) The City has determined to pay for certain costs identified in the TIF Plan consisting of construction of West River Lane and Hiniker Parkway (the "Qualified Costs") incurred in connection with the establishment of the TIF District, which costs may be financed on a temporary basis from City funds available for such purposes.

(c) Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, in order to finance the Qualified Costs.

(d) The City intends to reimburse itself for the payment of the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

(a) The City hereby authorizes the advance of up to \$484,005 from the City's EDA fund 6800 or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5.00 % and will not fluctuate.

(b) Principal and interest on the Interfund Loan shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date") commencing with the Payment Date on which the City has Available Tax Increment (defined below), or on any other

dates determined by the City Manager, through the last receipt of tax increment from the TIF District.

(c) Payments on the Interfund Loan are payable solely from “Available Tax Increments” which shall mean, on each Payment Date, all of the tax increment available after other obligations have been paid, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Blue Earth County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794. Payments on the Interfund Loan are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment as approved by the Mankato City Council.

(d) The principal sum and all accrued interest payable under the 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 Available 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 Available 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 final Payment Date.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Najwa Massad, Mayor

Attest: _____
Renae Kopischke, MMC
City Clerk

The motion for the adoption of the foregoing resolution was made by Councilmember _____ and duly seconded by Councilmember _____. Upon a vote being taken the following members voted in favor thereof: _____

_____.

Those against same: _____.