

RESOLUTION NO. _____

**RESOLUTION APPROVING THE TERMS OF A
\$_____ INTERNAL LOAN IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 2**

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

Section 1. Background.

(a) The City has heretofore approved the establishment of Tax Increment Financing District No. 2 ("TIF District No. 2") within Development District No. 1, and has adopted a tax increment financing plan for TIF District No. 2.

(b) The City has determined to pay for certain costs (the "Qualified Costs") identified in the temporary spending plan for Tax Increment Financing Districts No. 1 and 2 within Development District No. 1, consisting in part of development fees incurred in connection with the development of land within Tax Increment Financing District No. 14 ("TIF District No. 14").

(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 transfer an amount not to exceed \$2,443,202 from the tax increment fund established for TIF District No. 2 to the tax increment fund to be established for TIF District No. 14 to be used for the payment of the Qualified Costs 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 \$2,443,202 from TIF District No. 2 or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself from TIF District No. 14 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 4% 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 Administrator, through the last receipt of tax increment from TIF District No. 14.

(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 No. 14 and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799. Payments on the Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

(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, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

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

Adopted this 14th day of December, 2010.

Mayor

ATTEST:

Administrator