

# Memo

**To:** Kurt Ulrich – City Administrator  
**From:** Stacie Kvilvang  
**Date:** December 13, 2010  
**Subject:** Interfund Loan For TIF District 14 – Administrative Costs

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The City may utilize up to ten (10) percent of the tax increment generated in TIF District 14 to pay for administrative costs associated with establishing and administering the District over its term. Administrative costs can include staff time along with legal, fiscal and planning consultant time. The City has and will continue to expend funds for various administrative costs in TIF District 14. These funds will be advanced to the District from TIF District 2 as needed. The reason for the advancement to this District is that the first increments (cash) generated in the District will not occur until 2013.

State Statute requires that the City approve a resolution authorizing an internal (interfund) loan to the respective TIF District and set the terms for reimbursement of the administrative costs to be repaid with tax increments from the respective TIF District. Based upon this, the City will reimburse itself for the above referenced costs in the principal amount not to exceed \$500,000, together with interest at the rate of 4% per annum, which is the statutory maximum for 2010. Payments will be made with available tax increment on February 1 and August 1 of each year (beginning in 2013).

Please contact me at 651-697-8506 with any questions.