

Councilmember _____ introduced the following resolution and moved for its adoption:

RESOLUTION #20-082

**RESOLUTION APPROVING A BUSINESS SUBSIDY AND
AUTHORIZING EXECUTION OF A DEVELOPMENT
AGREEMENT, RIGHT OF RE-ENTRY AGREEMENT AND
APPROVING TERMS OF AN INTERFUND LOAN**

WHEREAS, Ramsey Hotel Group LLC (the "Developer") has requested the City of Ramsey, Minnesota (the "City") to assist with the financing of certain costs incurred in connection with the construction of an approximately 36,578 square foot 60-unit hotel, restaurant and related facilities to be located in the City (the "Project"); and

WHEREAS, the Developer and the City have determined to enter into a Development Agreement providing for the City's assistance for the Project (the "Development Agreement"); and

WHEREAS, the sale of certain real property by the City to the Developer at below market value is considered a business subsidy (the "Business Subsidy") pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"); and

WHEREAS, a public hearing, pursuant to the Business Subsidy Act, was held on the date hereof; and

WHEREAS, the City heretofore established Tax Increment Financing (Redevelopment) District No. 14 (the "TIF District") and adopted a Tax Increment Financing Plan (the "TIF Plan") therefor; and

WHEREAS, the purpose of the Right of Re-Entry Agreement is to protect the City interest in the 1.428 acre parcel in the event that the Developer does not perform according to the terms and conditions therein; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ramsey, Minnesota, as follows:

Business Subsidy; Public Purpose. The City hereby determines that the public purpose of the Business Subsidy is to increase the tax base in the City, help meet market demand for lodging in the City and to help support commerce in the City. In accordance with the provisions of the Business Subsidies Act, the City hereby determines that the creation and retention of jobs is not a goal of the Business Subsidy and consequently hereby sets the wage and job goals at zero.

Development Agreement. The City Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the City. The approval hereby given to the Development Agreement includes approval of such

additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$311,020 for land write-down costs and \$25,000 for other City costs related to the Project (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

Principal and interest on the Interfund Loan ("Payments") shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

The principal sum and all accrued interest payable under this 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.

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 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 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 termination of the TIF District.

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.

Right of Re-Entry Agreement. The City Council hereby approves the Right of Re-Entry Agreement in substantially the form submitted, and the Mayor and City Administrator are hereby authorized and directed to execute the Right of Re-Entry Agreement on behalf of the City. The approval hereby given to the Right of Re-Entry Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City Attorney and/or City Officials authorized by this resolution to execute the Right of Re-Entry Agreement. The execution of the Right of Re-Entry Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Right of Re-Entry Agreement in accordance with the terms hereof.

That the motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____, and upon vote being taken thereon, the following voted in favor:

and the following voted against the same:

and the following abstained:

and the following were absent:

whereupon said resolution was declared duly passed and adopted by the Ramsey City Council this 28th of April, 2020.

Mayor

ATTEST:

City Clerk