

City Council Joint Committee

1. 1. Agenda

Documents:

[1. 2018-05-08 JOINT AGENDA.PDF](#)

2. 2. Minnesota Investment Fund (MIF) – One-Time Exception Option For Conversion Of Fund Balance

Documents:

[2. MIF ONE-TIME EXCEPTION OPTION.PDF](#)

Please contact the City Administrator's Office if you need special accommodations while attending this meeting



**City Council Joint Committee
Tuesday, May 8, 2018 at 6:30 pm or immediately
following the Regular City Council Meeting
City Hall – Council Chambers**

AGENDA

1. Call to Order
2. Minnesota Investment Fund (MIF) – One-Time Exception Option for Conversion of Fund Balance
3. Future Discussion Items
4. Adjourn

Please contact the City Administrator's Office if you need special accommodations while attending this meeting



Council Committee Memorandum

TO: Joint Council Committee
THROUGH: Tim Murray, City Administrator
FROM: Deanna Kuennen, Community and Economic
Development Director
MEETING DATE: May 8, 2018
SUBJECT: Minnesota Investment Fund (MIF) – One-Time
Exception Option for Conversion of Fund Balance

Discussion:

The Minnesota Investment Fund (MIF) is a State of MN Department of Employment and Economic Development (DEED) program that provides financing to help grow/retain quality jobs, improve the tax base, and improve economic vitality throughout the state. Funds are awarded to local units of government, who then provide loans to assist expanding businesses. The City of Faribault has been successful in applying for and being awarded numerous MIF awards over the years. The original award funds were loaned out to businesses, repaid, then loaned out again to other eligible projects that met the State's MIF program guidelines.

The City's MIF Revolving Loan Fund (RLF) is administered through the Economic Development Authority (EDA). As loans are repaid, the EDA retains a percentage of the loan repayments for use as a local revolving loan fund (Fund 249) – for projects that meet the State's MIF reuse guidelines.

As presented during the 2018 budget worksession, the State passed legislation in 2017 that allows cities, counties and townships that have RLF's seeded by state-funded MIF loan repayments to use 80% of the uncommitted balance for any lawful purpose if 20% of the balance is returned to the State. This exception came about because many communities have been building their MIF RLF balances, but have difficulties revolving the funds due to the reuse guidelines and strings (such as Prevailing Wage – which adds costs to projects).

To utilize this one-time exception, the City must complete the attached form and submit it to DEED by June 1, 2018. Once DEED has approved the form, the City may then move 80% of the balance from RLF account, with the remaining 20% transferred back to DEED. Although 20% of the funds are being given back to the State, the benefit and trade-off is that

the retained 80% of the funds can be used by the City with virtually no conditions or requirements (such as the payment of prevailing wages on projects), providing much more flexibility in their use.

The balance of Fund 249 as of last month was approximately \$790,000, with 80% of that amount being \$632,000. This fund, and its original and intended use was for economic development – it is recommended that the Council consider directing all or a portion of the funds that the City will retain to a fund or funds designated to assist with economic development, such as the general EDA Operating Fund (Fund 290) or similar fund. Please note, the disposition of the retained funds does not have to be decided at this time, just whether or not the Council wishes to proceed with the 80%/20% option. If the Council is in favor of pursuing the exception option, the item will be put on the May 22, 2018 agenda for action in order to meet the submittal deadline.

Attachments:

- Request for One-Time Exception Form

MINNESOTA INVESTMENT FUND STATE FUNDED RLF REQUEST FOR ONE-TIME EXCEPTION

The 2017 Legislature passed legislation that allows cities, counties and townships that have revolving loan funds (RLFs) seeded by state-funded Minnesota Investment Fund loan repayments may use 80 percent of the uncommitted balance for any lawful purpose if 20 percent of the balance is returned to the State of Minnesota. To utilize this one-time exception, this form must be completed and submitted to DEED by June 1, 2018; once DEED approves the form, the 80 percent should be moved from the RLF account and the 20 percent should be transferred to DEED.

Please complete this form including the requested documentation. All forms must be signed by an authorized local official.

Request Date		Uncommitted State Funded MIF RLF Cash Balance as of Request Date	
Local Government (City, county or town)		20% to be returned to the State General Fund	
Address		80% to be utilized as general purpose aid.	
Contact Phone & Email		Will there be a residual RLF balance (from outstanding loans) for future reporting?	

* Request must be received by June 1st, 2018 to allow for processing and payment submittal.

Required Documentation

A copy of the account statement verifying the account balance as of the request date must be submitted with this form. Please note: page two of this application must be signed. A DEED Loan Officer may contact you to verify balance information for your account and review MIF award history.

Submittal Instructions

This form and the required bank account verification document(s) must be emailed to DEED.Loan@state.mn.us with "Revolving Loan Fund" on the subject line. If you have questions while completing the form please contact Lisa Dargis, DEED Loan Officer, Office of Business Finance at 651-259-7446 or lisa.dargis@state.mn.us or visit the Frequently Asked Questions tab located at <https://mn.gov/deed/business/financing-business/deed-programs/mif/mif-exception/>.

Certification

I hereby certify that the balance information included here is from state funded Minnesota Investment Fund grant repayments only. I certify that I have not included any funds from other sources. I certify that I have complied with all local requirements for submittal of this request and will utilize the approved funds as a general purpose aid for lawful expenditures, adhering to any and all local, state or federal requirements as applicable.

I have read the above statements and I agree to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify that all information is true and correct to the best of my knowledge.

Certified by:

Local Government Authorized Official Printed Name & Title

Local Government Authorized Official Signature

Date

Exception Criteria – Laws of MN 2017, Chapter 94, Article 6, Section 24

ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2018. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2019, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

Request approved by:

DEED Loan Officer

Date