

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. 22-_____

**APPROVING PROPERTY TAX ABATEMENT RELATED TO
THE IRA CIVIC CENTER IN THE CITY OF GRAND RAPIDS
AND PROVIDING PRELIMINARY APPROVAL TO THE
ISSUANCE OF GENERAL OBLIGATION BONDS**

BE IT RESOLVED by the City Council of the City of Grand Rapids, Minnesota (the “City”), as follows:

Section 1. Recitals.

1.01. The City proposes to (i) undertake various public improvements, including the construction, renovation, equipping and improvement of the IRA Civic Center, including but not limited to replacement of the roof, replacement of the ice plant, new capital equipment, and building, utility and grounds improvements (the “Project”) with tax abatement bonds authorized by Minnesota Statutes, Sections 469.1812 through 469.1815 (the “Abatement Act”) and (ii) authorize a property tax abatement with respect to various parcels of land that benefit from such public improvements.

1.02. Pursuant to Section 469.1813, subdivision 1 of the Abatement Act, the City may grant an abatement of all or a portion of the taxes imposed by the City on one or more parcels of property to pay for all or part of the cost of the acquisition or construction of public facilities, increasing or preserving the tax base, providing employment opportunities, and help provide access to services for residents of the City.

1.03. The City has identified 5 parcels located in the City, identified in EXHIBIT A attached hereto (the “Abatement Property”), which will be benefitted by the Project and from which the City proposes to abate a portion of the City’s share of taxes to help finance the Project, subject to all the terms and conditions of this resolution.

1.04. The Abatement Property is not located in a tax increment financing district.

1.05. The City is authorized under the Abatement Act and Minnesota Statutes, Chapter 475, as amended (together, the “Act”), to issue one or more series of temporary or permanent general obligation tax abatement bonds in the aggregate principal amount not to exceed \$2,000,000 (the “Abatement Bonds”) to pay the costs of the Project pursuant to the Abatement Act, and which are expected to be paid primarily through the collection of Abatement (hereinafter defined) revenues.

1.06. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard.

Section 2. Findings.

2.01. It is hereby found and determined that (a) the Abatement will help finance the Project which will help construct public facilities, provide employment opportunities, including construction jobs, help provide access to services for residents, increase or preserve tax base by stimulating and preserving development through improvements to the IRA Civic Center which will help attract new businesses and retain businesses in the community, protect the general health and welfare of the community by maintaining public facilities and providing recreational opportunities and amenities for residents of the City, and help

preserve and increase the value of the Abatement Parcels, thereby helping to generate additional City tax revenues over the long term after expiration of the Abatement; and (b) for the reasons set forth above, the benefits to the City of the proposed abatement will at least equal the costs to the City.

2.02. It is hereby found and determined that the Abatement is in the public interest for the reasons described in Section 2.01 hereof.

Section 3. Actions Ratified; Abatement Approved.

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Abatement Act.

3.02. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The City will abate the City's share of the property tax amount which the City receives from the Abatement Property, in an amount not to exceed \$2,000,000. The maximum amount of Abatement authorized under this resolution is \$2,000,000. The maximum principal amount of Abatement Bonds to be secured by Abatement under this resolution will not exceed the estimated sum of Abatement from the Abatement Property for the term authorized under this resolution.

(b) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year, exceed the greater of ten percent (10%) of the City's net tax capacity for that year or \$200,000 (the "Abatement Volume Cap"). The City may grant any other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Volume Cap, the allocation of Abatement Volume Cap to such other abatements is subordinate to the Abatements under this resolution.

(c) The City shall pay the Abatement in semiannual installments for a maximum 20-year period which shall apply to taxes payable in the years 2024 through 2044 inclusive or such other dates that correspond to the payment of debt service on the Abatement Bonds over a period not to exceed 20 years. Notwithstanding the foregoing, the term of the abatement is subject to either Itasca County, Minnesota or Independent School District No. 318 declining to participate in the abatement. The Abatement shall be used solely to finance the cost of the Project, through application of Abatement amounts toward debt service payments on the Abatement Bonds (including any bonds issued to refund the initial Abatement Bonds).

(d) This resolution may be modified only with the prior written approval of the City, and any modification is subject to Section 469.1813, subdivision 7 of the Abatement Act.

(e) In accordance with Section 469.1815 of the Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

Section 4. Abatement Bonds Authorized.

4.01. In the resolution awarding the sale of the Abatement Bonds, the City Council will set forth the covenants and undertakings required by the Act.

4.02. In connection with the sale of the Abatement Bonds, the officers or employees of the City are authorized and directed to cooperate with the Municipal Advisor to participate in the preparation of an official statement for the Abatement Bonds and to deliver it on behalf of the City upon its completion.

4.03. The Mayor and the City Administrator are authorized and directed to execute and deliver any agreements, certificates or other documents that the City determines are necessary to implement this resolution.

Approved this November 14, 2022 by the City Council of the City of Grand Rapids, Minnesota.

Mayor

ATTEST:

City Clerk

EXHIBIT A

ABATEMENT PROPERTY

Parcel Identification Numbers:

PID	Owner
91-718-0110	Wal-Mart Real Estate Business Trust
91-028-3410	Ives Hospitality LLC (Americinn)
91-028-3407	Grand Hospitality LLC
91-033-2228	Hariom Hospitality Four LLC (Country Inn & Suites)
91-562-0130	Iron Range MP LLC (Hotel)